Declassified Case:
RD 46642
Date: 03-26-2019

Screened by NARA (RD-F)
Date: 03-26-2019
DOCID: 34308222
FOIA Case: RD 46642

U. S. Department of Justice

(MATERIAL MUST NOT BE COPIED OR DISSEMINATED TO THIS P...

COPIED FOR
FOIPA
REQUESTED BY Loyd
MAY 20 1980 COPIED BY 51

FEDERAL BUREAU
COPIED
FOIP
of
REQUESTED
SEP 19 1980 COPIED BY

100- HQ-385355
SERIALS 32-58
SECTION 2

#189-HQ-385355-2#

INVESTIGATION

PICKETT STREET

Quad 137 p 362

DO NOT
COPIED FOR
DESTROY
FOIPA
MAY 7 1979 - 1 R343
FOIPA # 1105553 730208

DO NOT DESTROY
FOIPA # 242,243
SERIALS 32-58

USE CARE IN HANDLING THIS FILE

Transfer-Call 421

NDAUED FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (100-387835)
Attention: Assistant Director NICHOLS

DATE: 5/20/54

FROM : SAC, New York (100-107111)

SUBJECT: NATIONAL COMMITTEE TO SECURE JUSTICE IN THE ROSENBERG CASE
IS-C

Pursuant to Bureau authority, Senator BERNARD TOMPKINS and former Senator CHARLES T. COREY were contacted at their office, 165 Broadway, New York City, on 5/19/54. The information concerning the captioned committee set forth in New York teletype of 5/14/54 was discussed with the Senators. They advised that the purpose of their inquiry concerning captioned organization was to determine the actions of this organization as it would be controlled by the laws of the State of New York and further to determine whether the law as now enacted should be amended and to otherwise determine appropriate avenues of investigation.

Senator TOMPKINS advised that it was possible that individuals associated with the committee would be subpoenaed and stated that in the event any person so subpoensed was an informant or otherwise associated with this office, on receipt of such information by him, such subpoena would be withdrawn. He stated that he would make every effort to see to it that no investigation being conducted by this office would be jeopardized or otherwise hindered.

Senator TOMPKINS made available a copy of the Report of the Joint Legislative Committee on Charitable and Philanthropic Agencies and Organizations. It is noted that Senator TOMPKINS is Chairman of this committee.

Senator TOMPKINS also made available a copy of Article 10-A of the Social Welfare Law as added by Chapters 418, 419 and 420 of the Laws of 1954. This law is entitled "Solicitation and Collection of Contributions for Charitable Purposes" and is effective, September 1, 1954.

100-385355

NOT RECORDED
199 JUN 11 1954

For the information of the Bureau the foregoing articles are being forwarded herewith.

The Bureau's attention is directed to this new law and the definitions of charitable organizations, contributions, and the words person, professional fund raisers and professional solicitors.

It is further noted that by this law all such organizations will be required to file certain information with the Secretary of

55 JUN 15 1954

100-107111 - F. 430

TAB:DWR

ORIGINAL COPY FILED IN

State and that professional fund raisers and professional solicitors shall be required to register with the Secretary of State and, in addition, the fund raisers will be required to post a bond in the sum of $5,000. It would appear in the reading of this law that any such organization, such as captioned organization, and the so-called Defense Fund for the 11 or 13, would be governed by this law.

It is suggested that the Bureau may wish to discuss this law with the Department in connection with any committees that are currently active on behalf of the subjects of any Bureau case in New York.

NW 46642 DocId:34308222 Page 3

Assistant Attorney General
Warren Olney III

June 1, 1954

Director, FBI

100-385355-

ARTICLE 10-A OF THE SOCIAL WELFARE LAW
OF THE STATE OF NEW YORK"
(Solicitation and Collection of
Contributions for Charitable Purposes)
INFORMATION CONCERNING

There is enclosed for your information one Photostat of Article 10-A of the Social Welfare Law of the State of New York, which pertains to the solicitation and collection of contributions for charitable purposes by organizations operating within the State of New York.

Enclosure

RET:dlf

MAILED 7
JUN2 1954
COMM-FBI

ORIGINAL COPY FILED IN

Tolson
Ladd
Nichols
Belmont
Clegg
Glavin
Harbo
Rosen
Tracy
Mohr
Trotter
Winterrowd
Tele. Room
Holloman

10 JUN 22 1954 F454

NW 46642 DocId:34308222 Page 4

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : A. H. Belmont

FROM : F. J. Baumgardner

DATE: June 1, 1954

Tolson
Ladd
Nichols
Belmont
Clegg
Glavin
Harbo
Rosen
Tracy
Gearty
Mohr
Winterrowd
Tele. Room
Holloman
Sizoo
Miss Gandy

SUBJECT: "ARTICLE 10-A OF THE SOCIAL WELFARE LAW OF THE STATE OF NEW YORK"
(Solicitation and Collection of Contributions for Charitable Purposes)
INFORMATION CONCERNING

By letter dated May 20, 1954, the New York Office furnished the Bureau with a New York State "Report of the Joint-Legislative Committee on Charitable and Philanthropic Agencies and Organizations" and a copy of "Article 10-A of the Social Welfare Law as added by Chapters 418, 419 and 420 of the Laws of 1954," dated April 15, 1954. This law is entitled "Solicitation and Collection of Contributions for Charitable Purposes." These documents were obtained from New York State Senator Bernard Tompkins on May 19, 1954, by the New York Office. Senator Tompkins, Chairman of the Joint-Legislative Committee, pursuant to Bureau authority was furnished public source data on May 19, 1954, by the New York Office relative to the National Committee to Secure Justice in the Rosenberg Case to be used by Senator Tompkins for leads in connection with his investigation of charitable rackets. The New York Office suggested that the Bureau may wish to discuss Article 10-A with the Department in connection with organizations active on behalf of subjects of Bureau cases in New York.

The report of the Joint-Legislative Committee reflects the results of its investigation of charitable rackets in New York and indicates the greater percentage of funds received (60% to 83%) goes to the cost of fund raising while only a small percentage goes to the cause for which funds were solicited. Article 10-A, Section 481 defines "charitable organizations," "contributions" and "person." Section 482 deals with the registration by charitable organizations with the Department of Solicitations and the furnishing of information by the organization concerning its officers, identities of fund raisers, purposes and period of solicitations. Section 482 exempts certain types of organizations from the law (i.e. religious, educational and fraternal) and deals with reports to be submitted by charitable organizations (i.e. financial), enforcement by New York State Attorney General and application of the law to nonresident charities. Section 482 also defines "professional fund raisers" and "professional solicitors" and contains data relative to their registration with state authorities and bond required. Sections 481 and 482

Enclosure

RET:dlfd

Bufile - 66-18949 (Security Legislation)

100-385355-

NOT RECORDED
199 JUN 11 1954

ORIGINAL COPY FILED IN

become effective September 1, 1954. Section 483, which becomes effective July 1, 1954, deals with the unauthorized use of names when soliciting or collecting funds. A violation of Section 483 shall be a misdemeanor.

From an analysis of Article 10-A it would appear that this article will not interfere with Bureau investigations in New York. As a matter of fact the provisions of Article 10-A would be of assistance in our investigation of fund-raising front organizations in New York since legally admissible evidence regarding the organization, identity of officers, fund raisers and purposes of an organization would be readily available from the Department of Solicitations.

It is believed we should furnish a copy of Article 10-A to the Department for its information. A letter to the Department enclosing a Photostat of Article 10-A is attached.

RECOMMENDATION:

If you approve, it is recommended the attached letter be sent to the Department.

NW 46642 DocId:34308222 Page 6

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Mr. Belmont
Mr. Gavin
Mr. Harbo
Mr. Rosen
Mr. Tamm
Mr. Tracy
Mr. Mohr
Mr. Jones
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Holmes
Miss Gandy

May 13, 1954

Mr. Lee Lauren, who alleges to be a friend of a cousin of mine and who although I have met him is no friend of mine, called at the Reception Room. In my absence he was referred to Supervisor W. R. Wannall, of the Espionage Section.

Mr. Lauren left the attached material. He said that he had mailed a copy of this report to the Director in a plain manila envelope without any return address; that he had sent the report in for the Director's information and wanted to let the Director know that it had been forwarded by him, Mr. Lauren.

Attachment
FCH:f

ENCL 41

RECORDED-41 100-385355-32

EX-123

55 JUN 2 1954

INDEXED 25 MAY 25 1954

NW 46642 DocId:34308222 Page 7

A REPORT

from

NORMAN DODD, DIRECTOR OF RESEARCH

covering his direction of the Staff

of

THE SPECIAL COMMITTEE

of

THE HOUSE OF REPRESENTATIVES

to

INVESTIGATE TAX EXEMPT FOUNDATIONS

for

the six months' period

November 1, 1953 -- April 30, 1954

* * *

Prepared in accordance with the suggestion which the Director of Research made to the Committee at its meeting in Washington, D.C. on Thursday, the 29th of April, 1954 for submission to:

HON. B. CARROLL REECE (TENN.), CHAIRMAN
HON. JESSE P. WOLCOTT (MICH.)
HON. ANGIER L. GOODWIN (MASS.)
HON. WAYNE L. HAYS (OHIO)
HON. GRACIE PFOST (IDAHO)
.....MEMBERS.....

100-385355-32

ENCLOSURE

F O R E W O R D

As the report which follows may appear to have stressed one aspect of Foundation giving to the exclusion of others, I take this opportunity to call attention to the fact that innumerable public benefits are traceable to the philanthropy in which Foundations have been engaged. B oth in volume and kind these benefits must appear to any student of this subject to have been without parallel. And in the vast majority of instances they must be regarded as beyond question either from the standpoint of their conformity to the intentions of their donors or from the standpoint of the truly American quality of their consequences.

I also wish to acknowledge the cooperation which, without exception, has been extended by Foundations to the staff whenever it was found necessary to solicit information from them either directly or in writing.

NW 46642 DocId:34308222 Page 9

Finally, I take this opportunity to state that in the degree the following report appears to be critical, I sincerely hope it will be deemed by the Committee, Foundations, and the public alike to be constructively so. It was in this spirit that the work of which this report is a description was undertaken and completed.

Norman Dodd
Research Director

NW 46642 DocId:34308222 Page 10

PART I

INTRODUCTION

Immediately the staff was assembled, I initiated studies -

To secure a full understanding of the ground covered by the Cox Committee as disclosed in the Hearings it held, the files it maintained, and the report it rendered.

To determine the dimensions of the subject to be investigated and studied, and to satisfy myself as to its contents and its probable ramifications.

To define the words: foundation, un-American, subversive, political, and propaganda, in the sense in which they are used in H. Res. #217 and, if possible, dispose of their controversial connotations.

To familiarize myself with the expressions of purpose customarily used in Foundation charters.

NW 46642 DocId:34308222 Page 11

Simultaneously, I undertook additional studies: to determine the validity of the criticism levelled against the work done by the Cox Committee; to substantiate or disprove the prevalent charge that Foundations were guilty of favoritism in the making of educational grants; to examine the charge that, as a result of this favoritism, a few selected universities and scholars had been able to dominate the field of research to their own advantage; and to prove or disprove the accusations that Foundations had been responsible for a deterioration in the standards to which our scholars and teachers had previously conformed.

DIMENSIONS AND CONTENTS

Once the aforementioned studies had been completed - keeping in mind the five determinations which the Committee had been directed to make - I concluded that the dimensions of the subject to be investigated and studied were - 6,000 to 7,000 Foundations, capital resources approximating $7,500,000,000, annual disbursements in the form of grants amounting to at least $300,000,000, a time-span of 50 years (1903 - 1953),

NW 46642 DocId:34308222 Page 12

and a number of grants conservatively estimated at 50,000, with approximately 15% of these funds concentrated in 1/20% of the number of Foundations - specifically, Carnegie and Rockefeller - which happen to be the oldest.

In content, I discovered the subject included grants for every form of charity and support of research within the limits of the arts, the sciences, the religions, the philosophies, and the many subdivisions of these well-known disciplines. It also embraced grants to cover the cost of such physical facilities as school and university buildings, hospitals, churches, settlement houses, homes for recuperation, libraries and art galleries, and the permanent collections housed in each.

Finally, I found that the subject included a myriad of Fellowships awarded to scholars and artists active in fields too numerous to mention, let alone classify for the purpose of accurate evaluation.

DEFINITIONS

These studies also enabled me to settle upon the following definitions:

NW 46642 DocId:34308222 Page 13

Foundations - Those organizations resulting from the capitalization of the desire on the part of an individual, or a group of individuals, to divert his or their wealth from private use to public purpose.

Un-American and Subversive - Any action having as its purpose the alteration of either the principle or the form of the United States Government by other than constitutional means. (This definition is derived from a study of this subject made by the Brookings Institute at the request of the House Un-American Affairs Committee.)

Political - Any action favoring either a candidacy for public office, or legislation or attitudes normally expected to lead to legislative action.

Propaganda - Action having as its purpose the spread of a particular doctrine or a specifically identifiable system of principles. (In use this word has come to infer half-truths, incomplete truths, as well as techniques of a covert nature.)

NW 46642 DocId:34308222 Page 14

CHARTER PROVISIONS

The purposes of Foundations were revealed by these studies to be generally of a permissive, rather than a mandatory character. Customarily, they were expressed to place the burden of interpretation on either trustees or directors. Such words as "educational", "charitable", "welfare", "scientific", "religious", were used predominantly to indicate the areas in which grants were permitted. Phrases such as "for the good of humanity" and "for the benefit of mankind" occurred frequently. The advancement of such general concepts as "peace" and either "international accord" or "international understanding" was noticeable as a purpose for which Foundations had been established.

To illustrate the extent to which the burden of interpretation is frequently placed upon trustees of Foundations, I cite the following:

> " . . . administered and operated by the trustees exclusively for the benefit of, . . . (the) income therefrom shall be distributed by the trustees exclusively in the aid of, such religious, educational, charitable and

NW 46642 DocId:34308222 Page 15

scientific uses and purposes as, in the judgment of the trustees, shall be in furtherance of the public welfare and tend to assist, encourage and promote the well-doing or well-being of mankind, or of any community."

COX COMMITTEE CRITICISMS

There were eight criticisms leveled at the Cox Committee:

1) Time and facilities were inadequate.
2) Excuses concerning grants to Communists were too readily acceptable.
3) Trustees and officers were not under oath.
4) Only a few foundations were investigated.
5) The propaganda activities of Foundations were not investigated.
6) Foundations were not asked why they did not support projects of a pro-American type.
7) Extensive evidence was not used.
8) The Ford Foundation was not investigated.

FOUNDATION CRITICISMS

Our studies indicated very clearly how and why a critical attitude could have developed from the assumption that Foundations operating within the sphere of education had been guilty of favoritism in making their grants. After having analysed

NW 46642 DocId:34308222 Page 16

responses relating to this subject from nearly 1000 colleges in the United States, it became evident that only a few have participated in the grants made.

However, when the uniqueness of the projects supported by Foundations was considered, it became understandable why institutions such as Columbia, Harvard, Chicago and the University of California had received monies in amounts far greater than had been distributed to others. Originally, scholars capable of handling these unique subjects were few. Most of them were members of these seemingly favored institutions.

Now that these subjects no longer appear to be regarded as unique and sufficient time has elapsed within which to train such competent specialists, the tendency of Foundations to distribute grants over a wider area has become noticeable.

The purported deterioration in scholarship and in the techniques of teaching which, lately, has attracted the attention of

NW 46642 DocId:34308222 Page 17

the American public, has apparently been caused primarily by a premature effort to reduce our meagre knowledge of social phenomena to the level of an applied science.

APPROACH

As this report will hereafter contain many statements which appear to be conclusive, I emphasize here that each one of them must be understood to have resulted from studies which were essentially exploratory. In no sense should they be considered proved. I mention this in order to avoid the necessity of qualifying each as made.

Confronted with the foregoing seemingly justifiable conclusions and with the task of assisting the Committee to discharge its duties as set forth in H. Res. #217, within the seventeen month period, August 1, 1953 - December 31, 1954, it became obvious to me that it would be impossible to

NW 46642 DocId:34308222 Page 18

perform this task if the staff were to concentrate on the internal practises and the grant-making policies of Foundations themselves. It also became obvious that if the staff was to render the service for which it had been assembled, it must expose those factors which were common to all Foundations, and reduce them to terms which would permit their effects to be compared with the purposes set forth in Foundation charters, the principles and the form of the United States Government, and the means provided by the Constitution for altering either these principles or this form.

In addition, these common factors would have to be expressed in terms which would permit a comparison of their effects with the activities and interests connoted by the word "political", and also with those ordinarily meant by the word "propaganda".

Our effort to expose these common factors revealed only one, namely - "the public interest". It further revealed that if this

NW 46642 DocId:34308222 Page 19

finding were to prove useful to the Committee, it would be necessary to define "the public interest". We believe this would be found in the principles and form of the Federal Government, as expressed in our Constitution and in our other basic founding documents.

This will explain why subsequent studies were made by the staff of the size, scope, form and functions of the Federal Government for the period 1903 - 1953, the results of which are set forth in detail in a report by Thomas M. McNiece, Assistant Research Director, entitled, "THE ECONOMICS OF THE PUBLIC INTEREST".

These original studies of "the public interest" disclosed that during the four years, 1933 - 1936, a change too place which was so drastic as to constitute a "revolution". They also indicated conclusively that the responsibility for the economic welfare of the American people had been transferred heavily to the Executive branch of the Federal Government; that a corresponding change in education had taken place from an impetus

NW 46642 DocId:34308222 Page 20

outside of the local community, and that this "revolution" had occurred without violence and with the full consent of an overwhelming majority of the electorate.

In seeking to explain this unprecedented phenomenon, subsequent studies pursued by the staff clearly showed it could not have occurred peacefully, or with the consent of the majority, unless education in the United States had prepared in advance to endorse it.

These findings appeared to justify two postulates:

1) - that the policies and practices of institutions purporting or obliged by statute to serve "the public interest" would reflect this phenomenon, and

2) that Foundations whose trustees were empowered to make grants for educational purposes would be no exception,

on the basis of which, after consultation with Counsel, I directed the staff to explore Founda-

NW 46642 DocId:34308222 Page 21

tion practices, educational procedures, and the operations of the Executive branch of the Federal Government since 1903 for reasonable evidence of a purposeful relationship between them.

Its ensuing studies disclosed such a relationship and that it had existed continuously since the beginning of this 50-year period. In addition, these studies seem to give evidence of a response to our involvement in international affairs. Likewise, they seemed to reveal that grants had been made by Foundations (chiefly by Carnegie and Rockefeller) which were used to further this purpose by:

> Directing education in the United States toward an international viewpoint and discrediting the traditions to which it had been dedicated.
>
> Training individuals and servicing agencies to render advice to the Executive branch of the Federal Government

NW 46642 DocId:34308222 Page 22

Decreasing the dependency of education upon the resources of the local community and freeing it from many of the natural safeguards inherent in this American tradition.

Changing both school and college curricula to the point where they sometimes denied the principles underlying the American way of life.

Financing experiments designed to determine the most effective means by which education could be pressed into service of a political nature.

At this point the staff became concerned with:

Identifying all the elements comprising the operational relationship between Foundations, education and government, and determining the objective to which this relationship had been dedicated and the functions performed by each of its parts.

NW 46642 DocId:34308222 Page 23

Estimating the costs of this relationship and discovering how these costs were financed.

Understanding the administration of this relationship and the methods by which it was controlled.

Evaluating the effect of this operational relationship upon "the public interest" and upon the social structure of the United States.

Comparing the practices of Foundations actively involved in this relationship with the purposes for which they were established and with the premises upon which their exemption from taxation by the Federal Government is based.

In substance, this approach to the problem of providing the Committee with a clear understanding of Foundation operations can best be described as one of reasoning from total effect to primary and secondary causes.

We have used the scientific method and included both inductive and deductive reasoning as a check

NW 46642 DocId:34308222 Page 24

against the possibility that a reliance upon only one of these might lead to an erroneous set of conclusions.

Neither the formal books and records maintained by Foundations operating within the educational sphere, nor any of their supplemental or less formal reports to the public, make it possible to appraise the effect of their grants with any degree of accuracy. We needed to turn to the grantees - rather than the grantors - for the information required by the Committee to make the specific determinations requested by the Congress in H. Res. #217, namely:

Have Foundations - used their resources for purposes contrary to those for which they were established?

- used their resources for purposes which can be classed as un-American?

NW 46642 DocId:34308222 Page 25

Have Foundations - used their resources for purposes which can be regarded as subversive?

- used their resources for political purposes?

- resorted to propaganda in order to achieve the objectives for which they have made grants?

To insure these determinations being made on the basis of impersonal facts, I directed the staff to make a study of the development of American education since the turn of the century and of the trends in techniques of teaching and of the development of curricula since that time. As a result, it became quite evident that this study would have to be enlarged to include the accessory agencies to which these developments and trends had been traced.

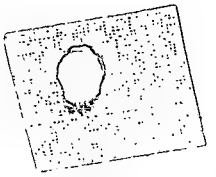
The work of the staff was then expanded to include an investigation of such agencies as:

NW 46642 DocId:34308222 Page 26

The American Council of Learned Societies, the National Research Council, the Social Science Research Council, the American Council on Education, the National Education Association, the League for Industrial Democracy, the Progressive Education Association, the American Historical Association, John Dewey Society, and the Anti-Defamation League.

NW 46642 DocId:34308222 Page 27





PART II

Continuation of -17-

ACCESSORY AGENCIES

To characterize some of these briefly:

The American Council of Learned Societies was founded in 1919 to encourage humanistic studies, includ-

NW-385355-32

ENCLOSURE

ing some which today are regarded as social sciences. It is comprised of 24 constituent member associations. In its entirety, it appears to dominate scholarship in this country.

The National Research Council was established in 1916, originally, as a preparedness measure in connection with World War I. Its charter was renewed in 1919, since which time, on behalf of its 8 member associations, it has been devoted to the promotion of research within the most essential areas ordinarily referred to as the exact and applied sciences.

The Social Science Research Council was established in 1923 to advance research in the social sciences. It acts as spokesman for 7 constituent member associations representing all of the subdivisions of this new field of knowledge, i.e., history, economics, sociology, psychology, political science, statistics, and anthropology.

The American Council on Education was founded in 1918 "to coordinate the services which educational institutions and organizations could contribute to the Government in the national crisis brought about

NW 46642 DocId:34308222 Page 29

by World War I." Starting with 14 constituent or founding organizations, this formidable and influential agency has steadily expanded until today its membership is reported to consist of:

79 constituent members (national and regional educational associations)

64 associate members (national organizations in fields related to education)

954 institutional members (universities, colleges, selected private school systems, educational departments of industrial concerns, voluntary associations of colleges and universities within the states, large public libraries, etc.)

The National Education Association was established in 1857 to elevate character, advance the interests of the teaching profession and to promote the cause of popular education in the United States. Broadly speaking, this powerful entity concentrates on primary and secondary schools. Its membership is reported to consist of 520,000 individuals who include in addition to teachers -

NW 46642 DocId:34308222 Page 30

superintendents, school administrators and school secretaries. It boasts that it is "the only organization that represents or has the possibility of representing the great body of teachers in the United States", thus inferring a monopolistic aim.

The League For Industrial Democracy came into being in 1905, when it was known as the Intercollegiate Socialist Society, for the purpose of awakening the intellectuals of this country to the ideas and benefits of socialism. This organization might be compared to the Fabian Society in England, which was established in 1884 to spread socialism by peaceful means.

The Progressive Education Association was established around 1880. Since then it has been active in introducing radical ideas to education which are now being questioned by many. They include the idea that the individual must be adjusted to the group as a result of his or her educational experience, and that democracy is little more than a system for cooperative living.

NW 46642 DocId:34308222 Page 31

The American Historical Association was established in 1889 to promote historical studies. It is interesting to note that after giving careful consideration, in 1926, to the social sciences, a report was published under its auspices in 1934 which concluded that the day of the individual in the United States had come to an end and that the future would be characterized, inevitably, by some form of collectivism and an increase in the authority of the State.

The John Dewey Society was formed in February 1936, apparently for the two-fold purpose of conducting research in the field of education and promoting the educational philosophy of John Dewey, in honor of whom the society was named. It could be supposed that those who were members of this organization would be devoted to the premises upon which Dr. Dewey had based his experiments in education since 1896. Basically, these were pragmatic and a stimulus to empirical thinking. He held that ideas were instruments and that their truth or falsity depended upon whether or not they worked successfully.

NW 46642 DocId:34308222 Page 32

The broad study which called our attention to the activities of these organizations has revealed not only their support by Foundations, but has disclosed a degree of cooperation between them which they have referred to as "an interlock", thus indicating a concentration of influence and power. By this phrase they indicate they are bound by a common interest rather than a dependency upon a single source for capital funds. It is difficult to study their relationship without confirming this. Likewise, it is difficult to avoid the feeling that their common interest has led them to cooperate closely with one another and that this common interest lies in the planning and control of certain aspects of American life through a combination of the Federal Government and education.

This may explain why the foundations have played such an active role in the promotion of the social sciences, why they have favored so strongly the employment of social scientists by the Federal Government and why they seem to have used their influence to transform education into an instrument for social change.

NW 46642 DocId:34308222 Page 33

We wish to stress the importance of questioning change only when it might involve developments detrimental to the interests of the American people, or when it is promoted by a relatively small and tightly knit group backed by disproportionately large amounts of money which could threaten the American ideal of competition.

In summary, our study of these entities and their relationship to each other seems to warrant the inference that they constitute a highly efficient, functioning whole. Its product is apparently an educational curriculum designed to indoctrinate the American student from matriculation to the consummation of his education. It contrasts sharply with the freedom of the individual as the cornerstone of our social structure. For this freedom, it seems to substitute the group, the will of the majority, and a centralized power to enforce this will - presumably in the interest of all. Its development and production seems to have been largely the work of those organizations engaged in research, such as the Social Science Research Council and the National Research Council.

NW 46642 DocId:34308222 Page 34

The demand for their product seems to come from such strong and sizeable aggregations of interests as the National Education Association and the American Council on Education, whose authorities seem to see in it the means by which education can render a national service. They make frequent reference to this service as synonomous with "the cause of education" and tend to criticize strongly anyone who dares to doubt the validity of their conclusions.

Its promotion appears to have been managed by such organizations as the Progressive Education Association, the American Historical Association, the League For Industrial Democracy, the John Dewey Society and the Anti-Defamation League. Supplementing their efforts were others, such as: the Parent-Teachers Association, the National Council of Churches, and the Committee For Economic Development, each of which has played some part in adjusting the minds of American citizens to the idea of planning and to the marked changes which have taken place in "the public interest".

NW 46642 DocId:34308222 Page 35

Others, too, are engaged in the dissemination of this idea as being essential to the security of this country. Neither time nor funds have permitted me to direct the attention of the staff to the operations and influence of any but a few of these, beyond taking notice of their existence and the purposes which they serve.

From our studies, it appears that the overall administration of this functioning whole and the careful selection of its personnel seem to have been the peculiar interest of the American Council of Learned Societies. It is interesting to note that, by legislative action recently, another entity has been brought into being known as the National Science Foundation, whose purpose is to develop a national policy with respect to science. Its additional purpose is to serve our Government in an advisory capacity in connection with the huge appropriations now being made for research in the interest of effective controls. Evidence exists of close cooperation between privately endowed Foundations, the agencies through which they have operated and the educational institutions through which they have been accustomed to make grants for research. This process may

NW 46642 DocId:34308222 Page 36

contribute to an undesirable degree of concentrated power.

It is also interesting to note that by comparison with funds for research provided by Foundations, those now flowing from our Government are so large that they dwarf Foundation contributions. This promises to be true for some time to come and indicates that Foundations may extend their influence over a wider area than in the past.

The result of the development and operation of the network in which Foundations have played such a significant role seems to have provided this country with what is tantamount to a national system of education under the tight control of organizations and persons little known to the American public. Its operations and ideas are so complex as to be beyond public understanding or control. It also seems to have resulted in an educational product which can be traced to research of a predominantly empirical character in the inexact or social sciences.

In these fields the specialists, more often than not seem to have been concerned with the pro-

NW 46642 DocId:34308222 Page 37

duction of empirical data and with its application. Principles and their truth or falsity seem to have concerned them very little.

In what appears from our studies to have been zeal for a radically new social order in the United States, many of these social science specialists apparently gave little thought to either the opinions or the warnings of those who were convinced that a wholesale acceptance of knowledge acquired almost entirely by empirical methods would result in a deterioriation of moral standards and a disrespect for principles. Even past experience which indicated that such an approach to the problems of society could lead to tyranny, appears to have been disregarded.

For these reasons, it has been difficult for us to dismiss the suspicion that, latent in the minds of many of the social scientists has lain the belief that, given sufficient authority and enough funds, human behavior can be controlled, and that this control can be exercised without risk to

NW 46642 DocId:34308222 Page 38

either ethical principles or spiritual values and that, therefore, the solution to all social problems should be entrusted to them.

In the light of this suspicion and the evidence which supports it, it has been difficult to avoid the conclusion that social scientists of the persuasion I have been discussing have been accepted by Foundations, Government and education as though their claims were true - this in the face of the fact that their validity has been disputed by men well trained in these same disciplines.

In spite of this dispute within his own ranks, the social scientist is gradually becoming dignified by the title "Social Engineer". This title implies that the objective viewpoint of the pure scientist is about to become obsolete in favor of techniques of control. It also suggests that our traditional concept of freedom as the function of natural and constitutional law has already been abandoned by the "social engineer" and brings to mind our native fear of controls - however well intended.

NW 46642 DocId:34308222 Page 39

In the face of this, it seems strange that Foundations made no reference in their reports to the consequences to be expected from a new science of society founded upon empiricism and undisciplined by either a set of principles or proved experiments. Apparently they were content to operate on the theory that they would produce usable data for others to employ and rely upon them to account for the effects. It may not have occurred to their trustees that the power to produce data in volume might stimulate others to use it in an undisciplined fashion without first checking it against principles discovered through the deductive process.

Their position that they need not closely follow the effects of their support of such grants also seems strange. Their reports often show that they were supporting such a new "science". The descriptions, however, made it very difficult to judge the ultimate purposes for which this support was being given.

To summarize, both the general and the specific studies pursued by the staff during the

NW 46642 DocId:34308222 Page 40

past six months lead me to the tentative conclusion that, within the social science division of education, the foundations have neglected "the public interest" to a severe degree.

In my judgment, this neglect may be found by the Committee to have stemmed from:

The willingness of Foundations -

to support experiments in fields which defied control;

to support these uncontrollable experiments without first having proved them to be "in the public interest"; and

to extend this support without reporting its purpose in language which could be readily understood.

I suggest that the Committee give consideration to the tendency of Foundation trustees to abdicate responsibility. To illustrate: The following statement has been taken from "AN AMERICAN

NW 46642 DocId:34308222 Page 41

DILEMMA, The Negro Problem and Modern Democracy" by Gunnar Myrdal, with the assistance of Richard Sterner and Arnold Rose, Volume II:

> "This study was made possible by funds granted by Carnegie Corporation of New York. That corporation is not, however, the author, owner, publisher, or proprietor of this publication, and is not to be understood as approving by virtue of its grant any of the statements made or views expressed therein."

While this refers to but one project out of many, it becomes significant when it is realized that the project to which these books relate involve some $250,000, and led to the publication of statements which were most critical of our Constitution.

The similar tendency to delegate responsibility will be seen in the support given by Foundations to agencies such as the Social Science Research Council, which disregards the legal concept: "He who acts through an agent, acts himself."

NW 46642 DocId:34308222 Page 42

FORD FOUNDATION

Finally, I suggest that the Committee give special consideration to the Ford Foundation. This Foundation gives ample evidence of having taken the initiative in selecting purposes of its own. Being of recent origin, it should not be held responsible for the actions or accomplishments of any of its predecessors. It is without precedent as to size, and it is the first Foundation to dedicate itself openly to "problem solving" on a world scale.

In a sense, Ford appears to be capitalizing on developments which took place long before it was founded, and which have enabled it to take advantage of:

the wholesale dedication of education to a social purpose -

the need to defend this dedication against criticism -

the need to indoctrinate adults along these lines -

NW 46642 DocId:34308222 Page 43

the acceptance by the Executive branch of the Federal Government of responsibility for planning on a national and international scale -

the diminishing importance of the Congress and the states and the growing power of the Executive branch of the Federal government - and

the seeming indispensability of control over human behavior.

As if they had been influenced directly by these developments, the trustees established separate funds for use in the fields of education, national planning, and politics. They set up a division devoted to the Behavioral Sciences, which includes a Center for Advanced Study, a program of Research and Training Abroad, an Institutional Exchange Program, and miscellaneous grants-in-aid.

NW 46642 DocId:34308222 Page 44

Supplementing these major interests are such varied activities as: a TV Radio Work Shop, "external grants", inter-cultural publications, and an operation called the East European Fund, which is about to be terminated.

When it is considered that the capital resources of this Foundation approach, or may exceed, $500,000,000, and that its income approximates $30,000,000, each year, it is obvious that before embarking upon the solution of "problems", some effort should be made by the trustees to make certain that their solution is "in the public interest".

It is significant that the policies of this Foundation include making funds available for certain aspects of secret Military research and for the education of the Armed Forces. It becomes even more significant when it is realized that the responsibility for the selection of the personnel engaged in these projects is known to rest on the Foundation itself - subject as it may be to screening by our Military authorities.

NW 46642 DocId:34308222 Page 45

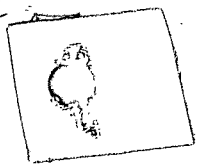
In this connection, it has been interesting to examine what the educational aspect of these unprecedented Foundation activities can be expected to produce. The first example is a pamphlet in which the Declaration of Independence is discussed as though its importance lay in the fact that it had raised two, as yet unanswered, questions:

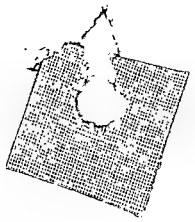
1) Are men equal? and do we demonstrate this equality?

2) What constitutes "the consent of the governed"? and what does this phrase imply in practice?

By inference, the first question is subtly answered in the negative. By direct statement, the second is explained as submitting to majority rule - but the restriction of the majority by the Constitution is not mentioned. Only an abridged version of the Declaration is printed. It is interesting that this should omit the list of grievances which originally made the general concepts of this Document reasonable.

NW 46642 DocId:34308222 Page 46





CONCLUSION

It seems incredible that the trustees of typically American fortune-created foundations should have permitted them to be used to finance ideas and practices incompatible with the fundamental concepts of our Constitution. Y et there seems evidence that this may have occurred.

I assume it is the purpose of this inquiry to gather and weigh the facts.

Respectfully submitted,

Norman Dodd, Director of Research
SPECIAL COMMITTEE TO INVESTIGATE
TAX EXEMPT FOUNDATIONS

May 10, 1954

NW 46642 DocId:34308222 Page 47

DC-6

OFFICE OF D[illegible]
FEDERAL BUREAU OF IN[illegible]
UNITED STATES DEPARTMENT OF JUSTICE

Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Belmont
Mr. Harbo
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Jones
Mr. Sizoo
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Holmes
Miss Gandy

TAX. Exempt Foundations

ENCLO. ATTACHED

(ENCL. (in envelope)

RECORDED - 17 100-385355-33

INDEXED-17

29 SEP 23 1954

100-385355

Ex-124

*Special Comm. Hse on Tax. Exempt Founds

B. Committee Reports Tax Exempt Foundations

F184

61 OCT 4 1954



ENCLOSURE 33

100-385355

(Not printed at Government expense)

Congressional Record

PROCEEDINGS AND DEBATES OF THE 83d CONGRESS, SECOND SESSION

Special Committee on Tax-Exempt Foundations

SPEECH

OF

HON. B. CARROLL REECE

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, August 20, 1954

Mr. REECE of Tennessee. Mr. Speaker, I had hoped to avoid the necessity of making these remarks concerning the work of the Special Committee To Investigate Tax-Exempt Foundations, but recent events which, while not materially affecting the work of this committee, have been damaging to the entire principle of congressional investigations have left me no choice.

In my years of service in the Congress, I have never observed a better organized smear campaign against a congressional committee nor such wanton distortion of the facts by the public press. The editorials and articles appearing concurrently in the Daily Worker, the New York Times and Herald Tribune attacking the committee and its work would appear to be more than a coincidence.

Let me go back to the beginning of the work of this committee. As a member of the Cox committee, the predecessor of this committee, I had observed three bodies of evidence which seemed to me of great importance: The first pointed to Communist or Communist sympathizer infiltration into the foundations; the second pointed to a much broader condition, namely, foundation support of Fabian socialism in America; and the third pointed to the financial aspect of the foundations.

There are presently some 7,000 foundations with assets in excess of $10 billion and with an annual income in excess of $300 million.

Less than a dozen of these foundations are widely known to the public.

There is much to indicate that the thousands of foundations unknown to the public are set up generally to avoid payment of taxes.

The number of foundations is rapidly increasing each year. They now have tremendous resources, which largely are taken out of our taxable income.

The tax-exempt foundations in America—big and little—are becoming a major concern.

Fabian socialism is not communism; it is a technique of nonviolent revolution by the consent of a duped, propagandized population.

It is the technique that brought socialism to Great Britain.

In the United States Fabian socialism has taken the name "New Deal" and "Fair Deal."

Of this there can be no doubt.

Norman Thomas, the long-time head of the Socialist Party in the United States, has publicly admitted that the New Deal almost put the Socialist Party out of business by taking all of the principal planks from its platform.

Parenthetically, I want to say a brief word to those Americans who approve of the New Deal-Fair Deal-Fabian revolution, and therefore might call this investigation a tempest in a teapot.

It is their privilege to do so, but it is my privilege to oppose this overt subversion of traditional American ideals.

I have fought it for 20 years during its steady progress, and as long as I continue to serve the public I will continue to fight it.

Although the Cox committee was not looking for Fabian socialism, the evidence presented before it disclosed to me what might be an important clue to the location of the nerve center of subversion in America—the left-wing intellectuals, whose prestige and influence seemed to be the product of the tax-exempt foundation grants.

I therefore suggested to the Congress that the investigation be extended.

314514—51872

NW 46642 DocId:34308222 Page 50

In doing so, I realized that if my suspicions were true all of the enormous power and prestige of the foundations, and to some extent that of the corporations from which they sprang, would be pitted against the committee.

If I were wrong, the investigation would cause no more excitement than did the Cox committee investigation.

I also realized that if my surmise concerning Fabian socialism was correct, every left-wing group that is participating in or benefiting from the intellectual revolution would join in the attack on the committee.

I also realized that the left-wing press and the pseudoconservative press would be under terrific pressure from these intellectuals and organizations to discredit the committee and distort the facts concerning its work.

What I did not realize was that this influence would reach even into the conservative press.

And from what has happened in the last month, it is obvious that the large foundations are trying to make certain that never again will a mere committee of the Congress have the temerity to look into their social and political science activities and into their financial power.

Let me review the method adopted by the committee.

After discussing with the staff the best and fairest method of approaching this inquiry, we decided to inform the foundations in advance of the main lines of investigation.

To me, this offered the foundations a tremendous advantage, knowing in advance the area of the inquiry.

But this step was violently attacked as prejudgment of the case, in spite of the fact that when the outline was presented by Mr. Dodd, the committee's director of research, he stated, and I quote:

> As this report will hereafter contain many statements which appear to be conclusive, I emphasize here that each of them must be understood to have resulted from studies which were essentially exploratory; in no sense should they be considered proved.

As the hearings got under way, it became very obvious that the ranking minority member of the committee had no intention of permitting orderly hearings and was determined to discredit and harass the investigation.

Throughout the hearings Mr. HAYS assumed an attitude of aggressive suspicion and insulting distrust of the majority members of the committee and of the committee staff.

He could not have made it clearer that he intended to frustrate to the limit of his abilities any orderly procedure.

It is interesting to note that Mr. HAYS, the minority member in question, is representative of the political group that has benefited most from the intellectual revolution that has taken place in America, and it seems probable to me that his rude, unreasoning, and ruthless attitude during the foundation hearings is one of defending an important source of New Deal strength in America.

I do not know whether one of Mr. HAYS' objectives was to force the discontinuance of the public hearings, but at least he was successful in making that decision necessary.

I would like to take a moment to describe to you the tactics of Mr. HAYS that eventually forced this action.

In his role of a skillful provocateur, he interrupted witnesses beyond all reason, attempting to frighten witnesses and to disorganize both their initial presentations and orderly interrogation by others.

During one of the 3-hour sessions, Mr. HAYS interrupted one witness 246 times.

During the public hearings he indulged in intemperate attacks upon the staff and upon the majority members of the committee.

He accused the chairman of lying and being a coward and accused Mr. GOODWIN of duplicity and cowardice.

As an example of the Marxian technique of attacking a messenger when the message cannot be attacked, he cast aspersions upon the character and record of a distinguished Catholic nun, the daughter of Senator MCCARRAN, whose scholarly work on Fabian socialism in Great Britain had been placed in evidence.

As further examples, Mr. HAYS characterized an outstanding group of American scholars appearing as committee witnesses as "crackpots," "dredged up" by the committee.

As was written to the chairman of the committee by the eminent Prof. Kenneth Colgrove, subsequent to his appearance before the committee, Mr. HAYS created, and I quote:

> A fear among competent persons who might otherwise question the omniscience of the directors of those foundations. Wit-

NW 46642 DocId:34308222 Page 51

nesses are thereby warned that no matter how objective their testimony, no matter how legitimate their questions, their character would be smeared and their testimony ridiculed.

In spite of the sniping by Mr. HAYS Professor Colgrove was able, on a piecemeal basis, to get a very valuable body of evidence into the record concerning the deplorable lack of science contained in so many of the foundations' social science projects.

Actually, a great deal of so-called social science, as carried on with foundation funds, is little more than an elaborate argument that Government can take better care of the people than the people can take care of themselves.

Prof. A. H. Hobbs was criticized for his attack upon the Kinsey report, which initially was a foundation project.

Actually, anyone who had taken the time to examine this highly questionable statistical study cannot help but agree with Professor Hobbs, even if only for one reason, namely, that it makes a laughing stock of morality and reduces human love to the animal level.

In his letter to the chairman, Professor Colegrove also states:

> Obviously, no self-respecting scholar would care to testify before such a committee under such circumstances.

When the truth is known concerning the work of this committee, a large section of the American press which printed virtually none of the competent and pertinent testimony presented to the committee and has printed practically all of Mr. HAYS' tidbits of character assassination and so-called witty barbs, will be faced with an embarrassing situation.

It seems to me that a suitable subject for congressional investigation would be the source and nature of the pressure which is behind the terriffc attack upon the committee by three large papers, in addition to the Daily Worker—the New York Times, the New York Herald Tribune, and the Washington Post and Times Herald.

The promptness and uniformity with which a large section of the press has attacked the committee's decision to discontinue the public hearings on the false ground that the foundations would thereby be deprived of a chance to defend themselves, indicates the thoroughness of the plans and press coverage behind Mr. HAYS' effort to frustrate the hearings.

314514—51872

Regarding the cry of injustice resulting from the discontinuance of the public hearings, let me point out that it is only common sense to conclude that no action could have been more favorable to the foundations because they were thereby given an opportunity to speak in their own defense and completely avoid having to substantiate their claims through cross-examination.

Some of the foundation answers have not yet been received, but thus far there has been very little to refute the basic suspicion that caused me to suggest this investigation, namely, that the large foundations have supplied the bulk of the money that has been used to lay the intellectual base for and perpetuate the prestige of the New Deal.

In fact, one of the briefs filed by the Carnegie group states that one of their projects which had been criticized as being socialistic, namely, the report of the Commission on Social Studies by the American Historical Association, was not socialistic.

Here are the exact words used by Mr. Charles Dollard, president of the Carnegie Corp. of New York, in refuting that charge.

I quote:

> The worst that can be said is that the authors not only reported this trend but appeared to accept it cheerfuly. What they were accepting was not socialism—it was the New Deal.

I believe that special attention should be given to the foundations' charge that the discontinuance of the hearings will deprive them of proper publicity for their filed statements.

A good example of the degree to which they will be penalized is found in a single issue of a single newspaper—the New York Times of July 25—published the day after the Ford Foundation released its statement attacking the committee.

In that 1 issue there were 3 completely favorable stories regarding the Ford Foundation, totaling approximately 4,000 words, that went into more than a million American homes.

One of the articles was a front-page feature carried over to the pages adjacent to the other two articles.

Nothing could have been planned more meticulously.

This was their own story and contained many derogatory statements which would have had to have been cor-

NW 46642 DocId:34308222 Page 52

roborated had the Ford Foundation been subjected to the normal procedure of cross-examination.

Every citizen who read the New York Times July 25—Sunday—was completely assured of the purity of the Ford Foundation.

It will be interesting to see how many words of these remarks are carried by the same paper.

In spite of the fact that through this superb public relations smear campaign in an effort to exonerate the tax-exempt foundations of all blame, even before the committee report has been prepared, I am determined that the committee work shall proceed normally, that an adequate public record shall be developed, and that a fair, objective report of findings will be rendered.

This is the task to which I have set myself and this is the task which I propose to finish, regardless of the forces attempting to stifle and discredit, the investigatory powers of this legislative body.

If I have seemed to have been silent under this abuse for too long a time; it is because I am confident that in the end the truth will prevail.

In summing up, I would like to speak with more bluntness than is my usual custom. This committee has been subjected to various and strange pressures and harassments. It began to be reviled from many directions very early in its career.

A steady procession of condemnatory resolutions emanating from a puzzling assortment of organizations have followed its work. As I mentioned before, several of the major newspapers—notably the New York Times, the New York Herald Tribune, and the Washington Post and Times Herald—have joined with the Daily Worker in a steady, constant, almost daily campaign of savage attacks, both in editorials and what purported to be news reports.

These savage attacks have been of a nature so venomous and untruthful as to eliminate any explanation but one.

The attitude of the committee and of its staff and the occurrences at the hearings have been deliberately misrepresented to the public with such obviously intended malice that no explanation seems rational but that the power of some of the major foundations and their sycophants is truly great.

It has been said that the foundations are a power second only to that of the Federal Government itself. Perhaps this statement should be modified because it seems to have become an affront for a congressional committee to dare to subject foundations to criticism. Perhaps the Congress now should admit that the foundations have become more powerful, in some areas at least, than the legislative branch of the Government.

314514—51872

U. S. GOVERNMENT PRINTING OFFICE: 1954

100-385355-38

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Tolson
Boardman
Nichols
Belmont
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room
Holloman
Gandy

TO : Mr. Nichols

DATE: December 22, 1954

FROM : M. A. Jones

SUBJECT: RAY C. CONNERS
NORTON, VIRGINIA

Conners was telephonically interviewed by Special Agent Donald G. Hanning of the Crime Records Section on December 20, 1954, upon referral from the Director's Office.

Conners advised that he had read TAX FREE in the newspaper a story concerning a Congressional investigation of Foundations. He stated he was calling to let the Bureau know that he had done twelve years of research concerning various Foundations. He then rambled at length to me to the effect that there is a certain amount of violence occurring in Norton, and he laid the blame for this to a branch of Foundations which is situated there. He stated because of his investigations of Foundations, his life is in danger, and the Foundations have spent seven and one half billion dollars trying to stop him. He was advised that if he believed that his life was in danger, he should report to his local authorities. He stated that this would do no good because the local police are under the domination of Foundations.

Bufiles negative.

RECOMMENDATION:

None. For information.

100-385355-34

RECORDED - 65

13 DEC 27 1954

INDEXED - 65

cc - Mr. Holloman

58 JAN -4 1955

DGH:djg
(3)

EX-115

CRIME REC

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. L. V. Boardman

DATE: December 21, 1954

FROM : Mr. A. H. Belmont

SUBJECT: TAX-EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)
Bufile 100-385355

Tolson
Boardman
Nichols
Belmont
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room
Holloman
Gandy

On Monday, December 20, 1954, the Special Committee to Investigate Tax-Exempt Foundations and Comparable Organizations, House of Representatives, (commonly referred to as the Reece Committee inasmuch as its chairman is B. Carroll Reece, Republican, Tennessee) released a report dated December 16, 1954, entitled "Tax-Exempt Foundations." This report ostensibly sets forth the results of the above Committee's investigation of certain organizations which are exempt from Federal income taxation to determine if any such groups are using their resources for un-American and subversive activities, political purposes, propaganda or attempts to influence legislation.

Copies of this report have been made available and it has been found to consist of 432 pages in small type complete with maps and charts. In view of the length and technical nature of this report it is not possible to submit an analysis thereof at this time. It is currently being analyzed, however, and a detailed memorandum will be prepared in the near future.

RECOMMENDATION:

None for your information

RECORDED - 3 100-385355-35
INDEXED - 3

cc Mr. L. V. Boardman
cc Mr. A. H. Belmont
cc Mr. F. J. Baumgardner
cc Mr. W. C. Thornton

WCT:dlj

(5)

EX-115

13 DEC 28 1954

INT SEC

WCT

DO JAN 5

SENT DIRECTOR
12-27-54

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson

DATE: Dec. 22, 1954

FROM : L. B. Nichols

SUBJECT: TAX-EXEMPT FOUNDATIONS

Tolson
Boardman
Nichols
Belmont
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room
Holloman
Gandy

Lee Pennington, Director of the Americanism Commission, The American Legion, has furnished the attached booklet which reflects the report of the Special Committee to Investigate Tax-Exempt Foundations and Comparable Organizations. Lee thought this report might be of some interest to the FBI inasmuch as it concerns those organizations which are tax-exempt and which have been known to be associated with various subversive groups.

There is no need of any acknowledgment to Mr. Pennington.

ACTION:

It is suggested that this memorandum, with the attachment, be forwarded to the Domestic Intelligence Division for informational purposes.

Attachment

CDD:imz
(2)

encl. attached and forwarded with memo Boardman to Belmont dated 12/29/54

RECORDED-53 100-385355-36

EX-124

18 DEC 30 1954

53 JAN 5 1955

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

#265,958 Bkg/srte 9/17/87 SP-7 Mole/DB 5/26/87 ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 7/18/80 BY SP-5 mj/alm camp #90383 3-17-86 914 5 JFE/AC/CA $264,078

Tolson, Boardman, Nichols, Belmont, Harbo, Mohr, Parsons, Rosen, Tamm, Sizoo, Winterrowd, Tele. Room, Holloman, Gandy

TO : MR. L. V. BOARDMAN **DATE:** December 29, 1954

FROM : MR. A. H. BELMONT

SUBJECT: TAX-EXEMPT FOUNDATIONS
INFORMATION CONCERNING (INTERNAL SECURITY)
BUFILE 100-385355

SYNOPSIS:

Report of Special Committee to Investigate Tax-Exempt Foundations and Comparable Organizations, House of Representatives, (Reece Committee) reviewed. Report reflects foundations are increasing at rapid rate due to emphasis on tax planning and have become so powerful as to be capable of influencing our national and foreign policy. Report quite critical of foundations' activities in influencing the slanting of newspaper and radio reports. Foundations found to have engaged in certain abuses of their tax-exempt status including activities of a political and social nature. Foundations found to be of obvious value when dealing in field of natural sciences or in making direct grants to religious, educational, scientific and other institutional donees. One of primary concerns of Committee, however, appeared to be potential danger of foundations diverting large sums of money into the field of social sciences with the result being the possible development of some sort of thought control. Foundations with certain minor exceptions have not knowingly supported Communist causes. Exceptions include Marshall Foundation, Garland Fund and Institute of Pacific Relations. Marshall Foundation and Institute of Pacific Relations being currently investigated by Bureau. Garland Fund became virtually exhausted in 1934 and has since gone out of existence. In some instances individuals with background of Communist activity have been recipients of foundation grants. Report concluded, however, that such grants have represented but minor portion of overall foundation expenditures and have been result of faulty judgment on part of foundation officials rather than indicative of the foundations' programs. Report urged that Congress continue and intensify investigation of tax-exempt groups which make grants for educational, scientific and similar purposes with such investigation to consist primarily of a research project and with few, if any, public hearings. Report found that existence of legitimate tax-exempt groups is desirable and opposes any unnecessary extension of Federal regulations. Foundations

1 ENCLOSURE

SWCT:bds (5)

JAN 7 1955

RECORDED - 10 100-385355-37

INDEXED - 10

29 JAN 5 1955

S-WCT

1 - Mr. Boardman
1 - Mr. Belmont
1 - Mr. Baumgardner
1 - Mr. Thornton

SENT DIRECTOR 12-30-54

EX-71

are advised to "clean house" in order to avoid necessity of additional legislation. Minority members of Reece Committee strongly disagreed with above report and issued statements that it was biased, prejudged and unfair. They were extremely critical of manner in which investigation was conducted and stated that entire inquiry was a waste of public funds, although they agreed that some sort of investigation in this matter might be warranted. Bureau policy provides that field promptly furnish Bureau all derogatory information obtained concerning foundations. Security investigations are initiated only in instances when available information indicates that elements of Communist Party or other subversive groups control a particular foundation or are primary beneficiaries of grants therefrom. Whether or not such an organization has tax-exempt status has no bearing upon institution of security investigation. In light of above report and experience in this field, Bureau policy regarding foundations has proven sound and no changes in this regard are believed necessary.

RECOMMENDATION:

None. For your information only.

NW 46642 DocId:34308222 Page 58

DETAILS:

Background:

The Special Committee to Investigate Tax-Exempt Foundations and Comparable Organizations (commonly referred to as the Reece Committee inasmuch as its chairman was B. Carroll Reece, Republican, Tennessee) was created by House Resolution 217, 83rd Congress, First Session, adopted July 27, 1953. This resolution authorized the above committee to conduct an investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation to determine if any such groups are using their resources for un-American and subversive activities, political purposes, propaganda, or attempts to influence legislation.

As a matter of information it is noted that a similar committee (Cox Committee) had been created by the 82nd Congress to investigate this same field. The Cox Committee, however, due to lack of time and appropriations, admittedly conducted but a superficial inquiry into this matter.

Report of Reece Committee:

On Monday, December 20, 1954, the Reece Committee released a report dated December 16, 1954, entitled "Tax-Exempt Foundations" which set forth the results of that Committee's investigation of the above-described organizations.

This report was based upon testimony taken at public hearings, statements filed by foundations and others, material included in the record, data and information secured by personal conferences, correspondence and telephone conferences, and material assembled by a reading, study and analysis of books and literature relating to foundations and to the social sciences. These public hearings continued from May 10, 1954, until June 17, 1954, during which period 16 public hearings were held. On this latter date they were discontinued due to lack of time and written statements were solicited from the various foundations, giving them an opportunity to answer the material already presented to the Committee and to add such further comments as they might choose. In this regard it may be noted that a great majority of the witnesses who appeared at these public hearings were more or less critical of foundations in general and when these hearings were abruptly discontinued various newspapers throughout the country berated the Committee for failure to afford the foundations the opportunity of answering this criticism in public session. The Committee, however, maintained that any statements submitted by the foundations were taken into careful consideration and added to the record, and that foundations were not harmed by this procedure.

NW 46642 DocId:34308222 Page 59

A review of the report of the Committee reflects that while the Committee recognized the many valuable functions of foundations it felt that they have become so powerful and engaged in certain abuses of their tax-exempt status as to warrant additional Congressional action. The tenor of this report was directed in main toward abuses of a political and social nature and concluded that foundations with certain minor exceptions did not knowingly support causes which could be identified as Communist. In this latter regard the report states that the notable exceptions included the Marshall Foundation, the Garland Fund and the Institute of Pacific Relations. The Marshall Foundation and the Institute of Pacific Relations are subjects of current Bureau investigations, while the Garland Fund had become virtually exhausted by 1934 and is no longer in existence.

Findings of the Committee:

The general findings of the Committee are briefly set forth hereinafter:

(1) The number of foundations in this country is growing rapidly due to increased emphasis on tax planning.

(2) The value of foundations when operating in the natural sciences and when making direct donations to religious, educational, scientific and other institutional donees is obvious. The public should be alerted, however, to the influence of these foundations upon our way of life when their activities spread into the field of the so-called "social sciences."

The "social sciences" as used in this report are those sciences concerned with the studies of man as an individual, as groups, and as nations and included such fields as economics, sociology, political science and history.

The foundations have shown a rapidly increasing interest in social science research and apparently feel that they should use their funds within the social sciences for experimental purposes. The report concludes that it is highly questionable as to whether experimentation with human beings and their mode of living is desirable.

(3) The individual large foundation has enormous power and can exercise various forms of patronage which carry with them elements of thought control. In support of this finding the report points out that privately financed institutions of learning, many of which are in dire financial straits, frequently accede to the wishes of the foundation officials to obtain grants.

NW 46642 DocId:34308222 Page 60

(4) By acting in concert foundations are powerful enough to influence national policy. Such a concentration of power is undesirable although the report found no evidence that there is any concrete plan by foundations to act in agreement in this regard.

(5) Foundation trustees have frequently let the plans and administration of grants be handled by so-called professional employees and have delegated too much authority to organizations receiving these grants.

(6) In connection with the foregoing finding a professional class of administrators of foundation funds has emerged. These people are interested in creating and maintaining personal prestige and have come into virtual control of huge sums in public trust funds which is contrary to American principles.

(7) The power of foundations has become so great as to influence the press, radio and even the Govornent.

(8) Research in the social sciences is now almost wholly in the control of the professional employees of the larger foundations, including the great sums of money allotted to such research by the Federal Government.

(9) Foundation projects have resulted in an excess of empirical research which is described as inductive reasoning from observed data as contrasted with theoretical research. The report concludes that the predominance of this type of research can result in society accepting unproven theories as "scientific fact." The Kinsey Report on sexual behavior which was financed by the Rockefeller Foundation was utilized as an example of this trend.

(10) Foundation projects have tended to support the theory that "social scientists" alone are capable of guiding us into a better way of living.

(11) Foundation projects have shown a distinct tendency to favor political opinions to the left. The report stated that in the political area the Committee confined itself chiefly to the majority foundations and some of their donees. It concluded that this leftish slant was apparently the result of a process of administrative infiltration and through the influence of academic consultants of leftish tendencies and was certainly not the intention of the foundation trustees.

(12) The impact of foundation money upon education has resulted in a general tendency toward uniformity in approach and method.

(13) In the international field foundations have exercised a strong effect upon our foreign policy through such means as propaganda,

NW 46642 DocId:34308222 Page 61

by supplying executives and advisors to the Government, and by controlling much of the research in this area. The result has been in the general direction of "world government" with the United Nations considered to be the hope of the world.

(14) With a certain few exceptions, one of the outstanding of which was the Institute of Pacific Relations, foundations have not directly supported organizations which in turn have supported Communism. The Committee did conclude, however, that some of the larger foundations have directly supported "subversion" in the true meaning of that term, namely the process of undermining some of our vitally protective concepts and principles and have financed the promotion of socialism and collectivist ideals.

Recommendations of Committee:

The above report in general urged Congress to continue and intensify the investigation of tax-exempt groups which make grants for educational, scientific and similar purposes. It suggested that inquiry in this field should be primarily a research project with few, if any, public hearings.

The majority of this Committee emphasized that it favors the continued existence of legitimate tax-exempt foundations and opposes any "unnecessary extension of Federal regulations." These foundations, however, were advised to "clean house" or otherwise Congress may be forced to enact additional legislation to insure proper control of these groups.

Minority Views:

The minority views of this report which were signed by Representatives Wayne L. Hays (Dem., Ohio) and Gracie Pfost (Dem., Idaho) were extremely critical of the over-all report and included statements that the entire proceeding was biased, prejudged and unfair.

The minority members stated that they strongly disagreed with this report, that it should never have been written and that the entire inquiry in this matter was a waste of public money. They agreed that additional inquiry into the question of tax-exempt foundations might be desirable but that any such investigation should get all the facts and hear all sides so that the foundations can clear themselves of any suspicion placed upon them by the majority report.

NW 46642 DocId:34308222 Page 62

Observations:

(1) As indicated heretofore the Reece Committee's investigation of tax-exempt foundations resulted primarily in findings that many of these foundations were abusing their tax-exempt privileges by engaging in activities of a political and social nature and that they should be carefully scrutinized to ascertain if they were not overstepping their bounds in this regard and if more stringent controls were necessary. This matter of abuse of tax-exempt privileges is, of course, of direct interest to the Internal Revenue Service and does not fall within the jurisdiction of the Bureau.

(2) The findings of the Committee that with the exception of a few outstanding cases such as the Marshall Foundation and the Institute of Pacific Relations foundations have not directly supported Communism, corresponds with information already in Bureau files and tends to uphold the accuracy and soundness of Bureau policy regarding the investigation of foundations and similar organizations.

It may be noted that the above-mentioned organizations are subjects of current investigations by the Bureau.

(3) In several instances throughout this report mention was made of the fact that individuals with a background of participation in Communist functions received grants from foundations. Information of this type has been reported to the Bureau in many instances over the years and is one of the factors taken into consideration in connection with the over-all activities of these foundations as to whether an investigation of a particular foundation is warranted. Investigations have been instituted in those instances when information has reflected that Communists control the foundation or are primary recipients of their grants, e.g., the afore-mentioned Marshall Foundation.

With regard to the remaining foundations, experience has shown and the Reece Committee report so stated that foundation grants to individuals who have supported Communist causes constitute but a minute portion of the total expenditures of these foundations and were more the result of faulty judgment on the part of foundation officials rather than representative of the programs of these groups.

NW 46642 DocId:34308222 Page 63

Bureau Policy:

In order to insure proper handling of subversive information concerning foundations and similar organizations which may come to the attention of the Bureau, the Bureau's policy in this regard was reiterated in SAC letter number 53-64. This policy provides that all derogatory information concerning such organizations, including that pertaining to individuals and other organizations who are recipients of grants therefrom, be promptly furnished to the Bureau by the field. Security investigations are initiated only in those instances when information has been obtained indicating that elements of the Communist Party or other subversive groups control the organization or are primary beneficiaries of their grants. The fact that an organization which is determined to be or suspected of being subversive may have a tax-exempt status is considered merely incidental to the Bureau's interests and has no bearing upon whether or not a security investigation is instituted.

Conclusion:

On the basis of the above report and previous Bureau experience, it is believed that our present investigative policy in this field is sound and should be continued in its present status.

WCT

NW 46642 DocId:34308222 Page 64

84TH CONGRESS
1ST SESSION

H. RES. 37

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1955

Mr. HAYS of Ohio submitted the following resolution; which was referred to the Committee on Rules

RESOLUTION

Resolved, That there is hereby created a special committee to be composed of five Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation to determine if any foundations and organizations are using

100-385355-38

INDEXED-91 NOT RECORDED

24 JAN 2 1955

58 JAN 28 1955

60 JAN 28 1955

file 5-WCT

100-385355

their resources for purposes other than the purposes for which they were established, and to determine if such foundations and organizations are using their resources for un-American and subversive activities, for political purposes, propaganda, or attempts to influence legislation.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) on or before January 3, 1957, the results of its investigation and study, together with such recommendations as it deems advisable.

For the purpose of carrying out this resolution the committee, or any duly authorized subcommittee thereof, is authorized to sit and act during the present Congress at such times and places and within the United States, its Territories and possessions, whether the House is in session, has recessed, or has adjourned to hold hearings, administer oaths, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

Upon the passage of this resolution, the Sergeant at

NW 46642 DocId:34308222 Page 66

Arms of the House is authorized and directed to ascertain the location of all books, papers, files, correspondence, and documents assembled by the former select committee under H. Res. 561, Eighty-second Congress, and the former special committee under H. Res. 217, Eighty-third Congress, and take same into his custody, depositing such records with the Clerk under rule XXXVI. The Clerk of the House is hereby authorized to loan such records and files to the special committee established by this resolution for the official use of the special committee during the Eighty-fourth Congress or until January 3, 1957, when they will be returned in accordance with said rule.

84TH CONGRESS
1ST SESSION

H. RES. 37

RESOLUTION

Creating a special committee to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation

By Mr. HAYS of Ohio

JANUARY 5, 1955

Referred to the Committee on Rules

NW 46642 DocId:34308222 Page 68

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols

DATE: July 11, 1955

FROM : M. A. Jones

SUBJECT: AMERICAN NATIONAL RESEARCH REPORT

Tolson
Boardman
Nichols
Belmont
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room
Holloman
Gandy

The Director requested that an article entitled "Are the Foundations Untouchable?" appearing in the June, 1955, issue of the American Legion Magazine and a report entitled "Americans for Democratic Action" prepared by the Senate Republican Policy Committee, be reviewed.

Attached please find reviews of these two items.

Enclosures (2)

FCS:ekk
(6)

1 ENCL.

RECEIVED - NICHOLS
JUL 13 3 39 PM

RECEIVED - MAIL ROOM
12 JUL 1955

100-385355
NOT RECORDED
102 JUL 19 955

INITIALS ON ORIGINAL

64 JUL 20 1955

ORIGINAL FILED IN

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols

DATE: July 11, 1955

Tolson
Boardman
Nichols
Belmont
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room
Holloman
Gandy

FROM : M. A. Jones

SUBJECT: "ARE THE FOUNDATIONS UNTOUCHABLE?," AN ARTICLE BY HAROLD LORD VARNEY, THE AMERICAN LEGION MAGAZINE, JUNE, 1955

SYNOPSIS:

Pursuant to the Director's request, there is set forth a review of instant article which appeared to adopt the theme that "by their ability to forestall congressional investigations of their activities, the Foundations confirm the fears of those who maintain that they are so powerful they are above the law." B. Carroll Reece, Chairman of the House Committee (83rd Congress) to Investigate Tax-Exempt Foundations, has just finished a study on the big funds, 7,000 in number, $7.5 billion in resources. The American Legion at its 1954 convention passed resolution asking for further investigation of the Foundations by the 84th Congress. First probe during 82nd Congress ended in virtual whitewash. Reece committee not granted necessary funds by Republican high command in the House, uneasy lest the inquiry embarrass the administration. Representative Wayne L. Hays (Ohio) described as great hindrance to Reece committee and allegedly he was appointed to committee for this purpose by Minority Leader Sam Rayburn. Mystery caller from "White House" requested Hays' cooperation in halting this committee's investigation. Reece committee report made public December, 1954, and "proved" that through tax exemption the foundations had built up an extra-legal force in American life of such far-reaching and compulsive effect upon public opinions as to endanger seriously our American traditional institutions. Findings regarding Rockefeller and Ford Foundations are included. Sizeable amounts of Ford Foundation money going into such controversial and slanted channels as: The American Friends Service Committee, The American Labor Education Service, Institute for Philosophical Research, Intercultural Publications, Foreign Policy Association and National Citizens Committee for United Nations Day. Ford Foundation allotted money to Fund for the Republic for $100,000 study of the Federal Loyalty-Security Program. The Fund's alleged objective is to soften up the national campaign against Communism. (Ogden M.) Reid Foundation finances described as totaling $8⅓ million. Reece committee concluded Foundations' area of operations should not lead us into politics or subversive activity.

ENCLOSURE

ENCLOSURE

100-385955-

NOT RECORDED

102 JUL 18 1955

RECOMMENDATION:

None. For information.

cc - Mr. Rosen
cc - Mr. Belmont
cc - Mr. Holloman

12 JUL 1955

INITIALS ON ORIGINAL

ELJ:bs
(10)

ORIGINAL FILED IN

Memorandum to Mr. Nichols July 11, 1955

DETAILS:

You will recall that regarding this article and another being handled by separate memorandum, the Director noted "These should be carefully reviewed and digested. I would like to see the reviews."

Instant article consisting of eight pages appeared in "The American Legion Magazine" of June, 1955, page 18. It appeared to adopt the theme that "by their ability to forestall congressional investigations of their activities, the Foundations confirm the fears of those who maintain that they are so powerful they are above the law." This article continued: B. Carroll Reece, Chairman of the Special House Committee (83rd Congress) to Investigate Tax-Exempt Foundations, has just finished a study on the big funds (7,000, 7.5 billion dollars in resources), and his disclosures have brought down onto him the wrath of the Foundations.

The American Legion is directly concerned with this issue because, at its 1954 convention, it unanimously passed a resolution asking for a further investigation of the Foundations by the 84th Congress.

This was the second congressional look at the Foundations. They had been investigated by the Cox committee (Rep. Edward Cox, deceased) in the 82nd Congress; however, this probe ended in a virtual whitewash. Encountering difficulties, the Reece probe was not granted necessary appropriations by the Republican high command in the House, uneasy lest the inquiry embarrass men close to President Eisenhower or actual members of the administration. (none named)

Rep. Wayne L. Hays (Ohio), described as "hatchet man" and opposed to the Reece investigation, allegedly stated he had been appointed ranking Democrat on the committee by Minority Leader

NW 46642 DocId:34308222 Page 71

Sam Rayburn with express understanding that he would do everything in his power to stop the committee from going too far in their inquiry. Hays, at one juncture, dropped the remark he had just received a telephone call from the "White House" (alleged caller never identified) asking for his cooperation in bringing the work of the committee to a halt. Again and again Hays cut up the witnesses' exposition with his questioning and in one session of 185 minutes, Hays, by actual count, perpetrated 246 interruptions. Hays repeatedly insulted members of this committee including Carroll Reece.

Reece committee report was made public December 16, 1954. Reportedly it "proved" that through tax exemption (90% of the Foundation spendings, in the case of some Foundations, through tax remission, are actual subsidies of the Federal Treasury), the Foundations have built up an extra-legal force in American life of such far-reaching and compulsive effect upon public opinions as to endanger seriously our American traditional institutions.

The problem, as the Reece committee saw it, lies with a few large Foundations which see their duty as one of brain-washing the American people in furtherance of highly debatable social ends, i.e., Rockefeller Foundation support of Kinsey report (sex practices) and Institute of Pacific Relations.

Regarding influencing American Foreign Policy, the December 11, 1954, report of the Center of International Studies of Princeton University is reported as attacking the "massive retaliation" policy which had been enunciated by Secretary of State Dulles to halt Communist aggression.

The committee found that sizeable amounts of Ford Foundation money was going into such controversial and slanted channels as: (1) The American Friends Service Committee ($1,134,000). Sponsor of lectures of Alger Hiss. (2) The American Labor Education Service. An organization for adult education. (3) Institute for Philosophical Research

NW 46642 DocId:34308222 Page 72

($565,000). (4) Intercultural Publications ($759,950) to finance Perspectives, US. (5) Foreign Policy Association ($355,000), a conveyor belt for internationalist-slanted studies. (6) National Citizens Committee for United Nations Day ($60,000).

In addition, Ford Foundation allotted fifteen million dollars to the new Fund for the Republic which has taken on the job of discrediting and silencing those Americans who have been in the forefront in the struggle against Communism and subversion in the United States including the House Committee on Un-American Activities. An example of Fund for the Republic intervention in the public opinion field is a $100,000 study of the Federal loyalty-security program. The Funds objective is to soften up the national campaign against Communism.

In 1946, says the report, principal owner Ogden M. Reid of the New York Herald Tribune," transferred to the Reid Foundation promissory notes payable to him annually by the Herald Tribune Publishing Company between 1953-69 totaling 6½ million dollars. Clauses in the deed make ultimate payment of the notes dependent upon the continuing operation of the Herald Tribune.

The expenditure of funds by the Foundations for political ends, either directly or indirectly, is not in the American spirit, the committee held. In conclusion, the Reece committee declared that the Foundations "should have full freedom of selection of areas of operation" where those areas do not lead us into politics or subversive activity.

NW 46642 DocId:34308222 Page 73

SENATE MEMBERS
RUSSELL B. LONG, CHAIRMAN
EDWARD MARTIN, PA.
WALTER F. GEORGE, GA.
HARRY F. BYRD, VA.
HOUSE MEMBERS
DANIEL A. REED, N. Y., VICE CHAIRMAN
THOMAS A. JENKINS, OHIO
RICHARD M. SIMPSON, PA.
JERE COOPER, TENN.
JOHN D. DINGELL, MICH.
BRYANT C. BROWN, SECRETARY

Congress of the United States

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION
1011 HOUSE OFFICE BUILDING
Washington

Honorable J. Edgar Hoover, Director
Federal Bureau of Investigation
Department of Justice
Washington 25, D. C.

DEC 21 1954

Dear Mr. Hoover:

In the consideration of the Internal Revenue Code of 1954 an amendment introduced on the floor of the Senate by the late Senator McCarran would have denied exemption from income tax to organizations otherwise exempt if the organizations made donations to subversive organizations or individuals. The amendment would also have disallowed a charitable deduction from income tax for gifts to these organizations.

At the Committee of Conference on H.R. 8300 (which subsequently was enacted as the Internal Revenue Code of 1954) the House conferees would not accept the above Senate amendment, and the Senate receded for the reasons set forth in the statement of managers on the part of the House (Conference Report No. 2543, 83d Congress, 2d Session, pp. 47-48).

At the Conference, the Chairman of the Joint Committee on Internal Revenue Taxation instructed the committee staff to conduct a study and make recommendations for legislation which would offset the exempt status of organizations found to be making salary payments to individuals or grants to individuals or organizations that advocate the overthrow of the government of the United States by force or violence.

Pursuant to this instruction the staff of the Joint Committee on Internal Revenue Taxation has conducted a series of conferences with representatives of certain tax-exempt organizations and institutions. Representatives of institutions of higher education have informed the staff that it is difficult, if not impossible, for them to obtain information from governmental investigative agencies, such as the Federal Bureau of Investigation, when the educational institution attempts to check on the background and prior associations of a faculty member or other individual connected with the institution whose loyalty to the United States is suspected.

It would be of great assistance to the committee staff if it could have the benefit of your views as to the desirability or feasibility of any legislation which would make available to the colleges and universities

DEC 30 1954

some degree of assistance from governmental investigative agencies when information is requested by the educational institutions for purposes of determining whether to retain in employment faculty or other personnel suspected of having engaged in subversive activities.

Sincerely yours,

Colin F. Stam
Chief of Staff

Copy:ew

December 23, 1954

10-385355-

Mr. Colin F. Stam
Chief of Staff
Joint Committee on Internal Revenue Taxation
Congress of the United States
1011 House Office Building
Washington, D. C.

Dear Mr. Stam:

Your letter dated December 21, 1954, has been received, and I fully appreciate the motives which prompted your communication.

You have requested my views as to the desirability or feasibility of legislation which would make available to institutions of higher learning some degree of assistance from governmental investigative agencies.

Inasmuch as your inquiry relates to proposed legislation, I have taken the liberty of referring a copy of your communication to the Attorney General inasmuch as legislative matters are primarily functions of the Department of Justice. For your additional information, the FBI is a fact-finding agency and, therefore, I have maintained a consistent policy of refraining from commenting regarding proposed legislation so as not to encroach upon the jurisdiction of the Department of Justice. You may desire to communicate directly with Attorney General Herbert Brownell, Jr., in connection with your inquiries.

Sincerely yours,

John Edgar Hoover
Director

WWK:fm
(3)

50 JAN 7 1955
F393

ORIGINAL FILED IN 67-181915-134

NW 46642 DocId:34308222 Page 76

4-572 (3-29-55)
STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: 6/25/55

FROM : J. P. Mohr

SUBJECT: The Congressional Record

Pages 6980-6984 Mr. Reece of Tennessee (R) spoke on the choice of Reno A. Former to be General Counsel of the Special Committee to Investigate Tax-Exempt Foundations. The reference to the FBI in an article by George Sokolsky, which was included in Mr. Reece's remarks was set forth in a memorandum written earlier this date.

Original filed in:

INDEXED-17 100-385355-39
NOT RECORDED
76 JUN 24 1955

53 JUN 28 1955

In the original of a memorandum captioned and dated as above, the Congressional Record for 6/23 6/24/55 was reviewed and pertinent items were marked for the Director's attention. This form has been prepared in order that portions of a copy of the original memorandum may be clipped, mounted, and placed in appropriate Bureau case or subject matter files.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. NICHOLS

DATE: 7-14-55

FROM : W. G. EAMES

Tolson
Boardman
Nichols
Belmont
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room
Holloman
Gandy

SUBJECT: TAX-EXEMPT FOUNDATIONS AND COMPARABLE ORGANIZATIONS
Bureau File 100-385355

We have received from Congressman Carroll Reece a composite index to his Committee's Hearings, Appendix, and Report. We have previously received the House Report on this matter and it was reviewed in memorandum from Mr. Belmont to Mr. Boardman dated 12-29-54 (100-385355-37).

RECOMMENDATIONS:

1. It is not believed that the contents of the composite index should be indexed.

2. That this be referred to the Domestic Intelligence Division for their views on this question.

LML:nle
Enclosure
(3)

ENCL BEHIND FILE

7/15 Int Div does not believe it advised be included.

100-385355-40

RECORDED - 108

12 JUL 20 1955

INT SEC

64 AUG 30 1955

NW 46642 DocId:34308222 Page 78

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: 7-18-55

FROM : SAC, CINCINNATI (62-0)

SUBJECT: BRIEF ON ~~CO-OP~~ PROPAGANDA
AND POLITICAL ACTIVITY,
Prepared by PEARSON L. ~~LINN~~ OHIO
for the Special Committee to
Investigate ~~Tax Exempt~~ Foundations,
Congress of the United States,
House of Representatives
(House Resolution 217) ~~X~~ H. R. 217
INFORMATION CONCERNING

Enclosed for the Bureau's information and disposition is a document titled as in the caption of this letter. This document was furnished to SA HOWARD W. AMOS on 6-28-55 by Mr. CLIFFORD J. SIMPSON, Route #2, Mt. Vernon, Ohio.

Mr. SIMPSON advised that he did not desire the document returned to him, and the Bureau may dispose of it as it sees fit.

RCD:CVM
(3)
Enclosure - 1
REGISTERED MAIL

1cc of covering letter attached and filed with encl.

ENCL. ENCLO. BEHIND FILE

RECORDED-57 100-385355-41

INDEXED-57 12 JUL 26 1955

FBI
JUL 52 11 32 AM '55

64 AUG 1 1955

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. NICHOLS

DATE: 10/25/55

FROM : W. G. EAMES

SUBJECT: TAX-EXEMPT FOUNDATIONS
(Pufile 100-385355)

Tolson
Boardman
Nichols
Belmont
Harbo
Mohr
Parsons
Rosen
Tamm
Sizoo
Winterrowd
Tele. Room
Holloman
Gandy

Congressman Carroll B. Reece, who was chairman of a special committee to investigate Tax Exempt Foundations, House of Representatives, in the 83rd Congress, Second Session, has recently forwarded to Inspector W. C. Sullivan the attached committee hearings on House Resolution 217 in this matter. These hearings have been published in two parts--part one, pages 1 through 943, and part two, pages 945 through 1241. Inspector Sullivan has made this available to the Records Section inasmuch as we had not received this before. This was made available to the Central Research Section in its recent efforts concerning the monograph on the Fund for the Republic.

We had previously received a report on the same hearing and that was reviewed in memorandum from Mr. Belmont to Mr. Boardman, 12/29/54 (100-385355-37). The report was not indexed extensively at the time of its receipt but was subsequently indexed when the Ford Foundation and the Fund for the Republic became of greater interest to the Bureau recently. A composite index to the Reece Committee's hearings, appendix and report was received and is filed in 100-385355-40. It was not indexed.

RECOMMENDATION:

That the above described hearings be herewith incorporated into the above Bureau file, and the hearings indexed on a selective basis to avoid duplicity with indexing previously done in Serial 37 of this file.

Enclosures (2) ENCL.

RECORDED 71 100-385355-42

INDEXED-39

16 NOV 2 1955

cc--for Inspector W. C. Sullivan
100-391697 (Fund for the Republic)

LML: jmc
(5)

RETURN TO INDEXING DESK

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 5/29/96 BY SP2 Ford/Auc

UNRECORDED COPY FILED IN 100-385355-42

APRIL 9, 1956

MEMORANDUM FOR MR. TOLSON
MR. BOARDMAN
MR. BELMONT
MR. NICHOLS

On Friday afternoon, April 6, I had a conference with the Attorney General, at which time a number of matters were taken up.

I also called to the Attorney General's attention the memorandum which I had sent him about the head of the Tax Exempt Section of the Internal Revenue Service. The Attorney General stated that he had read this memorandum and had noted that the head of that particular section of IRS had expressed some biased views as to the Fund for the Republic and as to the Institute of Pacific Relations. The Attorney General inquired of me as to whether there was any reason why he should not bring this matter to the attention of the Secretary of the Treasury and I told him that I thought it would be a good idea to do so, as otherwise it would seem that the work and recommendations of the investigators who have been looking into the tax exempt status of the Fund for the Republic would be arbitrarily overruled by the present head of the Tax Exempt Section of the Internal Revenue Service.

USE OF BENEVOLENT TRUSTS

Very truly yours,

John Edgar Hoover
Director

SENT FROM
TIME
DATE
BY

100-385355

102 APR 11 1956

1 APR 13 1956

STANDARD FORM NO. 64

Office Memorandum • UNITED GOVERNMENT

TO : Mr. A. H. Belmont

DATE: June 20, 1956

FROM : Mr. R. R. Roach

Tolson
Nichols
Boardman
Belmont
Mason
Mohr
Parsons
Rosen
Tamm
Nease
Winterrowd
Tele. Room
Holloman
Gandy

SUBJECT: NAME CHECK REQUESTS ON TAX EXEMPT ORGANIZATIONS
INTERNAL REVENUE SERVICE
Tax Exempt Foundations

Reference is made to my memorandum to Mr. Boardman April 13, 1956, advising that Assistant Commissioner J. F. Winkle, Internal Revenue Service (IRS), had requested through Liaison name checks of our files concerning certain questionable organizations that have applied for tax exempt status. It was pointed out that we should handle these name checks since IRS fell within the Executive Branch and the information in our files would be of value to them in making a determination within the scope of their authority. The Director approved our furnishing the results of name checks to IRS.

The Intelligence Division, IRS, has now through Liaison furnished us with a list of 39 organizations on which they desire name checks of our files. Included in this list are such organizations as Fund for the Republic, National Association for the Advancement of Colored People, American Student Union, Actors Equity, Institute of Pacific Relations, and the United Electrical Radio and Machine Workers of America. In preparing this list, Liaison requested that IRS specifically set out what type of information would be of value to them in connection with this request. Besides subversive type information, IRS indicates they would be interested in any information we might have reflecting that the organization is engaged in disseminating propaganda or is in any other way attempting to influence legislation, whether the organization gives political support to any candidate, and whether any part of the earnings of the organization inures to the benefit of any private shareholder or individual. Where any of the latter type information appears in file, it should be furnished to IRS.

The material disseminated to IRS as a result of this request will be furnished to the Intelligence Division where it will be controlled and made available to the Tax Exempt Branch for analysis and evaluation in making a determination on tax exempt status. Assistant Commissioner Winkle advised that they did not expect an early reply to this request and realized that it was a difficult one. He pointed out that there was no need for any special treatment on this request. Winkle was told we would handle the request as a project along with our regular work load.

ENCLOSURE

RECORDED - 51 100-358252-43
INDEXED - 51
6 JUN 29 1956

Enclosure
JJD:jlf (9)
1 - Mr. Nichols
1 - Mr. Boardman
1 - Mr. Belmont
1 - Mr. Conroy
1 - Mr. Baumgardner
1 - Mr. Wells
1 - Mr. Daunt
1 - Liaison Section

EX-107

6 JUL 11 1956

NW 46642 DocId:34308222 Page 82

Memorandum for Mr. Belmont

ACTION:

Our files on these organizations are being reviewed for the purpose of handling this request in the Name Check Section and where appropriate in the Internal Security Section.

MF being reviewed by N.C. Section 6/26/56 (except Fund for the Republic of Division Int. Sec. Pending inquiry. To be routed to Int. Sec. Section for Subj.

NW 46642 DocId:34308222 Page 83

(1) Any information bearing on the purposes and activities of the organization.

(2) Inasmuch as an organization which is engaged in subversive activities is not regarded as being an exempt organization within the meaning of the law and regulations, we, of course, are also vitally interested in any information in the files of the Federal Bureau of Investigation on the extent to which the organization engages in or was formed for the purpose of engaging in, such activities as well as any information as to the extent to which individuals associated with the organization may be using it to further such activities.

(3) Any information as to the extent to which the organization is engaged in the dissemination of propaganda, or is in any other way attempting, to influence legislation.

(4) Any information as to the extent to which the organization "participates in, or intervenes in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

(5) Any information which may bear on the question as to the extent to which any part of the net earnings of the organization inures to the benefit of any private shareholder or individual.

We are especially interested in receiving access to copies of any books, pamphlets, bulletins, radio or telecast scripts, solicitation letters, or any other publications or other literature published, issued, circulated, or disseminated by the organization which may have a bearing upon any of the foregoing items.

Actors Equity
American Federation for Polish Jews
American Physical Society
American Student Union
Atlantic Union Committee
Bureau for Intercultural Education
Builders of America
Chicago Repertory Group
Federal Union
Foundation for America

ENCLOSURE
100-385355-43

Fund for the Advancement of Education
Free World, Inc.
Jewish Labor Committee
National Association for the Advancement of Colored People
N. A. A. C. P. Legal Defense and Education Fund
New School for Social Research
Peoples Theatres, Inc.
Polish Falcons of America
Slovak National Alliance
Southern Education Foundation
World Federalists, Inc.
Union of Russian Jews
Fund for the Republic
Fund for Adult Education
Downtown Community School
Little Red School House, Inc.
Camp Woodland
Southern Regional Council
Institute of Pacific Relations
American Institute of Pacific Relations
American Civil Liberties Union
American Communications Association & Local Chapters
United Electrical Radio and Machine Workers of America
Russian Bible Society, Inc.
League for Industrial Democracy
Moorish Science Temple The Divine and National Movement of North America, Inc. (1)
American Socialist Society, d/b/a Rand School
Peoples Educational Camp Society
Society of the Commonwealth Center

(1) Application just received. Information indicates Federal Bureau of Investigation has voluminous file on this organization.

National Association For the Advancement of Colored People Legal Defense and Education Fund

NW 46642 DocId:34308222 Page 85

4-22 (6-15-55)

Federal Bureau of Investigation
Records Section

4 cx

_____, 1955

- ☐ Name Check Unit - Room 6523
- ☐ Attention _____
- ☐ Service Unit - Room 6524
- ☐ Forward to File Review
- ☐ Return to _____ Ext. ____
 Supervisor
 Room _____

- ☑ All References
- ☐ Subversive References
- ☐ Main _____ References Only
- ☐ Restrict to Locality of _____
- ☐ Breakdown ☐ Buildup ☐ Variations
- ☐ Exact Name Only
- ☐ Exact Spelling
- ☐ Check for Alphabetical Loyalty Form

SUBJECT Georgia Education Temple Society
Address _____

Localities _____
Birthdate & Place _____

R# _____ Date 6-29 Searcher Initial SH

FILE NUMBER	SERIAL
	N.R.

4-22 (6-15-55)
Federal Bureau of Investi
Records Section
_____, 1955

- [] Name Check Unit - Room 6523
- [] Attention _____
- [] Service Unit - Room 6524
- [] Forward to File Review
- [] Return to _____ Ext. _____
 Supervisor
 Room _____

- [x] All References
- [] Subversive References
- [] Main _____ References Only
- [] Restrict to Locality of _____
- [] Breakdown [] Buildup [] Variations
- [] Exact Name Only
- [] Exact Spelling
- [] Check for Alphabetical Loyalty Form

SUBJECT Society of the Common-
Address wealth center

Localities _____
Birthdate & Place _____

R# _____ Date 7/3 Searcher Initial SO

FILE NUMBER	SERIAL
	NR

July 16, 1956

Tax Exempt-Foundations

~~PEOPLES~~ EDUCATIONAL CAMP SOCIETY

Reference is made to the request of Assistant Commissioner J. F. Winkle for a check of FBI files concerning thirty-nine organizations, including Peoples Educational Camp Society, who have applied for tax exempt status.

You are advised that no information was located in the files of this Bureau which would be pertinent to your inquiry concerning the captioned organization.

The foregoing information is furnished to you as the result of your request for an FBI file check and is not to be construed as a clearance of the organization involved. This information is furnished for your use and should not be disseminated outside of your agency.

To Boyd IRS 7-12-56

Note: See memorandum Roach to Belmont dated 6-20-56 captioned "Name Check Requests on Tax Exempt Organizations - Internal Revenue Service."

RECORDED-62 100-385355-44
INDEXED-62
EX-126

14 JUL 18 1956

Original and one to
Internal Revenue Service
D. R. Roderick:bjd
(4)

55 JUL 24 1956

Tolson
Nichols
Boardman
Belmont
Mason
Mohr
Parsons
Rosen
Tamm
Nease
Winterrowd
Tele. Room
Holloman
Gandy

4-572 (3-29-55)
STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: 7-30-56

FROM : J. P. Mohr

SUBJECT: The Congressional Record Tax Exempt Foundations

Pages 13713-13715

Senator Stennis, (D) Mississippi, spoke concerning the tax exempt status of certain organizations. Mr. Stennis stated "I urge the Department of the Treasury, with the full cooperation of the Department of Justice, and other executive departments, to maintain a close and continuing scrutiny of the activities of all organizations presently tax-exempt under section 501 of the Internal Revenue Code, and to unhesitatingly revoke any exempt status when those activities indicate a substantial deviation from the purposes and goals expressed in the corporate charter or other organic authority."

Original filed in: 62-117331-12 76

100-385355-

NOT RECORDED
191 AUG 7 1956

1 ENCLOSURE

In the original of a memorandum captioned and dated as above, the Congressional Record for 7-27-56 was reviewed and pertinent items were marked for the Director's attention. This form has been prepared in order that portions of a copy of the original memorandum may be clipped, mounted, and placed in appropriate Bureau case or subject matter files.

55 AUG 14 1956

4-22 (6-15-55)
Federal Bureau of Investi ion
Records Section

_____, 1955

- ☐ Name Check Unit - Room 6523
- ☐ Attention _____ 7687
- ☐ Service Unit - Room 6524
- ☐ Forward to File Review
- ☐ Return to _____ Ext. _____
 Supervisor
 Room _____

- ☑ All References
- ☐ Subversive References
- ☑ Main _____ References Only (Summ.)
- ☐ Restrict to Locality of _____
- ☐ Breakdown ☐ Buildup ☑ Variations
- ☐ Exact Name Only
- ☐ Exact Spelling
- ☐ Check for Alphabetical Loyalty Form

SUBJECT Foundation for Amerida
Address _____

Localities _____
Birthdate & Place _____

R# _____ Date 6/26 Searcher Initial 107

FILE NUMBER	SERIAL
NR	
Foundation for American Research, Inc. (Var)	
NR 62-102255	
NR 100-385355-43 e.p.1	

written 14

July 16, 1956 35245

Tax Exempt Foundation

SOCIETY OF THE COMMONWEALTH CENTER

Reference is made to the request of Assistant Commissioner J. F. Winkle for a check of FBI files concerning thirty-nine organizations, including Society of the Commonwealth Center, which have applied for tax exempt status.

You are advised that no information was located in the files of this Bureau which would be pertinent to your inquiry concerning the captioned organization.

The foregoing information is furnished to you as the result of your request for an FBI file check and is not to be construed as a clearance of the organization involved. This information is furnished for your use and should not be disseminated outside of your agency.

To Boyd, IRS
7-17-56
DDD

Note: See memorandum Roach to Belmont dated 6-20-56 captioned "Name Check Requests on Tax Exempt Organizations - Internal Revenue Service."

Tolson
Nichols
Boardman
Belmont
Mason
Mohr
Parsons
Rosen
Tamm
Nease
Winterrowd
Tele. Room
Holloman
Gandy

Original and one to
Internal Revenue Service
D. R. Roderick:bjd
(4)

63 JUL 24 1956

RECORDED - 28 100-385355-45

INDEXED - 28

14 JUL 18 1956

EX-120

NW 46642 DocId:34308222 Page 91

August 2, 1956

FOUNDATION FOR AMERICA 7686

Reference is made to the request of Assistant Commissioner J. P. Winkle for a check of FBI files concerning thirty-nine organizations, including Foundation for America, which have applied for tax exempt status.

You are advised that no information was located in the files of this Bureau which would be pertinent to your inquiry concerning the captioned organization.

The foregoing information is furnished to you as the result of your request for an FBI file check and is not to be construed as a clearance of the organization involved. This information is furnished for your use and should not be disseminated outside of your agency.

Tax Exempt Foundations

To Boyd, IRS 8-3-56 JJD

Note: See memorandum Roach to Belmont dated 6-20-56 captioned "Name Check Requests on Tax-Exempt Organizations - Internal Revenue Service."

RECORDED-9 100-385355-46

Original and one to IRS
D. R. Roderick:bjd
(4)

INDEXED-9

8 AUG 7 1956

55 AUG 9 1956

Tolson
Nichols
Boardman
Belmont
Mason
Mohr
Parsons
Rosen
Tamm
Nease
Winterrowd
Tele. Room
Holloman
Gandy

1 - Mr. Nease
1 - Mr. Boardman
1 - Mr. Belmont
1 - Mr. W. C. Sullivan
1 - Liaison Section
1 - Mr. Baumgardner
January 20, 1958
1 - Mr. Kleinkauf

Mr. Lawrence E. Walsh
Deputy Attorney General

Director, FBI

TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

On January 13, 1958, a confidential source, who has furnished reliable information in the past, advised that he received the following information from an individual but that he is skeptical of the information furnished by this individual and, therefore, desired the individual's identity be kept confidential.

According to the source the afore-mentioned individual approached him and several other individuals stating that he needed money to prepare a paper which would be based on testimony and records introduced at hearings before the Reece Committee (Special Committee of the House of Representatives to Investigate Tax Exempt Foundations). This individual stated that the work of the Reece Committee had been discontinued because of "liberal pressures"; that the paper he plans to prepare would expose the fact that the directors of the Ford, Carnegie, and Rockefeller Foundations have come to the conclusion the world is inescapably moving toward communism; that, therefore, these directors feel their projects should be directed toward fostering a liberal type of communism rather than a ruthless militaristic type of communism as typified by Soviet Russia; that these foundations are attempting to place individuals, who will foster this plan, throughout the United States Government service, particularly the State Department; that at the present time the directors of the foundations are well satisfied with the success they have had in placing such individuals; and that if the money can be raised the afore-mentioned paper will then be presented to another foundation, unnamed by the individual, for publication.

MAILED 9
JAN 21 1958
COMM-FBI

RECORDED-46

100-385355
1 - Bufiles
1 - 100-391679 (Ford Foundation)
1 - 94-1 Sub 14850 (Carnegie Foundation)
1 - 62-12770 (Rockefeller Foundation)
See note on yellow page 2.
JHR:ddh
(14)

Tolson
Nichols
Boardman
Belmont
Mohr
Parsons
Rosen
Tamm
Trotter
Nease
Tele. Room
Holloman
Gandy

RECEIVED
JAN 28 1958
MAIL ROOM

RECEIVED-DIRECTOR
JAN 22 1958

FOIA(b)(7) - (D)

UNRECORDED COPY FILED IN

100-385355-41

Mr. Lawrence E. Walsh

It is to be noted that the afore-mentioned committee conducted hearings concerning tax exempt foundations during the period November 1, 1953, to April 30, 1954.

Inasmuch as the Bureau has never investigated the afore-mentioned foundations; cannot vouch for the accuracy of the information set forth above; and the Bureau's source is skeptical of the above information, no dissemination of this information is being made to any Government agency.

NOTE ON YELLOW:

See memo Belmont to Boardman, 1/20/58, captioned as above, JHK:pw.

The above information was contained in New York airtel 1/15/58 captioned "[redacted]"

FOIA(b)(7) - (D)

NW 46642 DocId:34308222 Page 94

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. L. V. Boardman

DATE: January 20, 1958

FROM : Mr. A. H. Belmont

1 - Mr. Nease
1 - Mr. Boardman
1 - Mr. Belmont
1 - Mr. W.C. Sullivan
1 - Liaison Section
1 - Mr. Baumgardner
1 - Mr. Kleinkauf

Tolson
Nichols
Boardman
Belmont
Mohr
Parsons
Rosen
Tamm
Trotter
Nease
Tele. Room
Holloman
Gandy

SUBJECT: TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
INTERNAL SECURITY

New York airtel 1-15-58 captioned [redacted] and the enclosure thereto set out information as received by [redacted] from a Mr. Dodd, described by the source as "the former chief investigator for the Reece Committee of the House of Representatives." The source, who is [redacted] stated he is skeptical of the information received from Dodd and desired that Dodd's identity be kept confidential.

Briefly, the source advised that Dodd approached him and several other individuals stating he needed money to prepare a paper which would be based on testimony and records introduced at hearings before the Reece Committee; that Dodd stated the work of the Reece Committee had been discontinued because of "liberal pressures"; that the paper he plans to prepare would expose fact that directors of Ford, Carnegie and Rockefeller Foundations have come to conclusion world is moving toward communism; that directors feel their projects should be directed toward fostering liberal type of communism rather than ruthless militaristic type as typified by Soviet Russia; that these foundations are attempting to place individuals, who will foster this plan, throughout United States Government, particularly the State Department; that directors of these foundations are satisfied with success they have had in placing such individuals; and that if money is raised, the afore-mentioned paper will be presented to another unnamed foundation for publication.

EX-146 RECORDED - 61 INDEXED - 61 100-385355-48

It has been determined that the afore-mentioned Dodd is Norman Dodd who was research director for the Special Committee of the House of Representatives to Investigate Tax Exempt Foundations, commonly known as the Reece Committee. This Committee conducted investigations and hearings concerning the subject matter during the period 11-1-53 to 4-30-54. Bufiles contain no information of a subversive nature identifiable with Dodd. A memorandum is attached setting forth a review of Bufiles concerning Dodd. EX-146

RECORDED - 61 INDEXED - 61 6 JAN 28 1958

(ENCLOSURE EX-146)

The Bureau has never conducted investigations concerning the Ford, Carnegie and Rockefeller Foundations.

100-385355
Enclosures sent 1-21-58
1-Bufile [redacted]
1 - 100-391679 (Ford Foundation)
1 - 94-1 Sub 14850 (Carnegie Foundation)
1 - 62-12770 (Rockefeller Foundation)
JHK:pw (12)

60 JAN 30 1958

FOIA(b)(7) - (D)

Memorandum to Mr. Boardman
Re: TAX EXEMPT FOUNDATIONS
100-385355

Inasmuch as the afore-mentioned information came to the Bureau's attention secondhand, we cannot vouch for the accuracy of the information nor can we vouch for the reliability of Dodd; and inasmuch as [redacted] is skeptical of the information, it is believed that no dissemination to any Government agency should be made. However, it is believed we should furnish this information to the Deputy Attorney General and advise him that for the afore-mentioned reasons, no dissemination is being made to any other Government agency.

RECOMMENDATION:

It is recommended that the attached memorandum to the Deputy Attorney General be approved and transmitted.

NW 46642 DocId:34308222 Page 96

January 20, 1958

NORMAN DODD Summary

N.Y. , D.C

Bureau files reflect the following references for Norman Dodd.

The April 2, 1939, issue of "The New York Times" contained an article captioned "Bund Inquiry Plea Gains Force Here." This article stated that the Society for American Democracy had several hundred signatures attached to more than 200 petitions, which petitions the organization was hopeful of presenting to the New York State Legislature "within the next few days" requesting an investigation of the German-American Bund. This article listed a Norman Dodd as being head of the Greater New York Chapter of the Society for American Democracy.

(61-7566-1434)

A letterhead of the American League for a Free Palestine, Inc., issued during early 1947, listed a Norman Dodd as being a member of the executive board of that organization. The American League for a Free Palestine has not been cited as a subversive organization by either the Attorney General or the House Committee on Un-American Activities in its publication "Guide to Subversive Organizations and Publications."

(100-315012-105)

A Norman Dodd, 415 East 58th Street, New York City, was interviewed in late 1951 in connection with the loyalty investigation of Gertrud Maria Kurth, New York Regional Office, Veterans Administration, New York City. At that time, Dodd advised that the appointee had worked for him on a research project from September, 1943, to December, 1944; that he had known the appointee for eight years; and that to the best of his knowledge, she belonged to no subversive organization.

(121-34698-5)

By letter dated October 16, 1953, Congressman Carroll Reece, as chairman of the Select Committee to Investigate Tax-Exempt Foundations, directed a letter to the Bureau requesting a check of Bureau files concerning several individuals who were

100-385355
1 - [redacted] FOIA(b)(7) - (D)
1 - 100-391679 (Ford Foundation)
1 - 94-1 Sub 14850 (Carnegie Foundation)
1 - 62-12770 (Rockefeller Foundation)
J. H. KLEINKAUF:eeb
(12)

100-385355-Sub

ENCLOSURE
1 100-385355-48

under consideration for employment with the afore-mentioned committee. One of the names listed was Norman Dodd, 415 East 58th Street, New York City, who had been selected for director of research of the afore-mentioned committee. This letter stated that Dodd was on leave from Delafield and Delafield, 14 Wall Street, New York City. A letter was directed to Reece dated November 4, 1953, advising of the confidential nature of the Bureau's files; that the matter had been taken up with the Office of the Deputy Attorney General; and that it had been agreed that Departmental regulations would not permit the requested dissemination of information.

(100-385355-29)

In connection with the afore-mentioned request of Reece, memorandum Belmont to Ladd dated 10-30-53 reflected that Bureau files contain no subversive/data concerning Dodd.

(62-60527-36222)

On May 13, 1954, a Mr. Lee Lauren, who at the time was a member of the staff of the Special Committee of the House of Representatives to Investigate Tax-Exempt Foundations, appeared at the Bureau and was interviewed. Lauren indicated he desired to discuss matters relating to Jay Lovestone and to information previously reported to the Bureau by Dr. Spencer Miller, former Assistant Secretary of Labor. Lauren stated that after Dr. Miller had furnished his information to the Bureau (Miller was interviewed at the Bureau on February 18 and 19, 1954, at which time he made numerous allegations against Lovestone and his associates), he (Miller) took a plane to South Orange, New Jersey, where his home is located; that on the plane he happened to sit next to Norman Dodd who at that time was director of research of the afore-mentioned Special Committee; that Dodd and Miller discovered they had been acquainted some thirty years previously; that Miller thereupon proceeded to advise Dodd of the information he had furnished to the Bureau relating to Lovestone and his associates; and that Lovestone's attorney, one Arthur Goldsmith (phonetic), telephoned Dodd to say that he had known Lovestone for thirty years and that he knew Lovestone was not a communist.

(61-1292-879)

NW 46642 DocId:34308222 Page 98

Norman Dodd

The May 17, 1954, issue of the "Washington Post," page 2, contained an article captioned "Probe of Foundations Beset by Committee Fight on Focus." This article identified Dodd as research director of the afore-mentioned committee.

(100-385355-A)

The August 5, 1954, issue of "The Evening Star" contained an article captioned "$63,000 for Foundations Quiz Yields Only Confusion as Yet." This article reflected that the afore-mentioned Congressional committee had been in existence for six months and that during this six months, Dodd received $5,573 as research director of the committee.

(100-385355-A)

The Alliance, Inc., 200 East 66th Street, New York City, issued a circular announcing a series of lectures of the organization for the period October 25, 1955 - May 8, 1956. This circular set out that Dodd, director of Reese Committee, was scheduled to speak on March 20, 1956, on the topic "The Contributions to Communism from the Foundations."

(62-101110-10)

The Alliance, Inc., was formed in 1954 for the purpose of collecting factual data on communist infiltration and communism in general and to supply such data to people who were in the fight against communism.

(62-101110-1)

The name Norman Dodd, investment counsel, 430 East 63rd Street, New York City, business address Delafield and Delafield, 14 Wall Street, New York City, was included in the Petit Jury Panel, Southern District of New York, for the period April 2 and 16, 1956. In connection with our investigation of this jury panel, information was located in the records of the Credit Bureau of Greater New York to the effect that Dodd was the defendant in a suit by M. Plowman for $1,400. The report concerning this suit was dated October 14, 1955, and no disposition was listed.

(51-423-2p14)

NW 46642 DocId:34308222 Page 99

Norman Dodd

On November 14, 1956, Lee Lauren, mentioned above, and Norman Dodd appeared at the Bureau and were interviewed by Special Agent Lish Whitson, upon referral from the Director's office. Dodd, during the interview, stated he has arrived at the conclusion many changes in the economic and social life of the United States which could weaken our economic structure were actually propagandized and financed by foreign interests; that his belief is some individual or group formulates an idea for changes in our institutions and then through financial pressures promotes certain practices in the economic or social life of the United States, which, when carried to their ultimate form of activity, make us economically vulnerable. When asked for specifics, Dodd was not prepared to furnish specifics but wondered what the Bureau's jurisdiction would be. He was advised of pertinent portions of the Foreign Agents Registration Act and was asked if he had facts relating to the Act which would come within the Statute of Limitations. He stated he would forward the Bureau facts which he felt would fall within the Statute. He was advised that if he forwarded such information to the Bureau, it would be referred to the Attorney General for an opinion. To date, no further information has been received from Dodd concerning the matter. At the time of this interview, Dodd furnished his residence address as 450 East 63rd Street, New York City, telephone number TE 8-5074, and his business address as Delafield and Delafield, telephone number WO 4-3400.

(97-3323-2)

NW 46642 DocId:34308222 Page 100

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. L. V. Boardman

FROM : Mr. A. H. Belmont

DATE: 3/17/58

1 - Mr. Nease
1 - Mr. Boardman
1 - Mr. Belmont
1 - Liaison Section
1 - Mr. Baumgardner
1 - Mr. Kleinkauf

Tolson
Nichols
Boardman
Belmont
Mohr
Parsons
Rosen
Tamm
Trotter
Nease
Tele. Room
Holloman
Gandy

SUBJECT: TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

FOIA(b)(7) - (D)

By memorandum dated 3-12-58, the Internal Security Division (ISD) of the Department referred to Bureau memorandum to Deputy Attorney General dated 1-21-58, which memorandum reported information received from [redacted] to the effect that [redacted] had received information from a Mr. Dodd, described as "the former chief investigator for the Reece Committee of the House of Representatives," and that the source was skeptical of the information received from Dodd. The gist of the information received by the source from Dodd was that Dodd stated the work of the Reece Committee had been discontinued because of "liberal pressures"; that Dodd planned to prepare a paper exposing the fact that the directors of Ford, Carnegie, and Rockefeller Foundations had come to the conclusion the world is moving toward communism; that directors of the Foundations feel their projects should be directed toward fostering liberal type of communism rather than ruthless militaristic type as typified by Soviet Russia; that these Foundations are attempting to place individuals, who will foster this plan, throughout United States Government, particularly the State Department; and that the directors of these Foundations are satisfied with the success they have had in placing such individuals. It was determined that the afore-mentioned Dodd is Norman Dodd who was research director for the Reece Committee, who was last known to be associated with Delafield and Delafield, 14 Wall Street, New York City, as an investment counsel, and who at that time resided at 450 East 63rd Street, New York City.

ISD memo requested that the Bureau discreetly attempt to determine the validity of the information contained in the afore-mentioned Bureau memorandum of 1-21-58 and that any additional intelligence which may come to the Bureau's attention with respect to the alleged policies and actions of the afore-mentioned Foundations be furnished ISD.

Enclosure 3-17-58 REC- 95
100-385355

1 - Bufile [redacted]
1 - 100-391679 (Ford Foundation)
1 - 94-1 Sub 14850 (Carnegie Foundation)
1 - 62-12770 (Rockefeller Foundation)
JHK:fk (11)

100-385355-49

18 MAR 18 1958

65 MAR 24 1958

INV. SEC.

UNRECORDED COPY FILED IN 100-391679-1 94-1-14850-1 62-12770-

Memorandum for Mr. Boardman
Re: Tax Exempt Foundations

FOIA(b)(7) - (D)

RECOMMENDATION:

It is recommended that the attached letter to New York be approved instructing New York to contact [redacted] for any additional information concerning this matter; to determine whether the source knows whether Dodd's expose has been published and, if so, secure a copy and review it to determine whether Dodd's allegations as set forth above are contained therein; and that Dodd be interviewed for facts to back up his allegations unless the New York Office feels its source would be compromised by interviewing Dodd or unless it has information in its files which would make an interview with Dodd inadvisable.



NW 46642 DocId:34308222 Page 102

1/27/58

AIRTEL

TO: DIRECTOR, FBI [redacted]

FOIA(b)(7) - (D)

FROM: SAC, NEW YORK

SUBJECT: [redacted] "Use of Benevolent Trusts [redacted]

Re NY airtel and letterhead memorandum dated 1/15/58.

Enclosed herewith is a photostat of a pamphlet entitled "Economic Council Letter - Who Finances Socialism and Communism?" by NORMAN DODD, dated 1/15/58. This was received in an envelope postmarked 1/22/58 from the above captioned source and is believed to refer to the information contained in reairtel and letterhead memorandum. Source did not include any explanation in envelope and the portions of the pamphlet marked off were apparently made by the source.

POWERS

[redacted]

1-NY 100-116409 (Carnegie Foundation)
1-NY 100-112646 (Ford Foundation)
1-NY 100-115782 (Rockefeller Foundation)
1-NY 100-113307 (Use of Benevolent Trust Funds, Philanthropies and Ellemosynary Institutes to Implement the Progress of Subversive Groups)

ORIGINAL COPY FILED IN

JFC:EG
(9)

100-385355
NOT RECORDED
140 FEB 3 1958

1 ENCLOSURE

52 FEB 3 1958

ECONOMIC COUNCIL LETTER

January 15, 1958 | 1930—1958 | Letter No. 423

Who Finances Socialism and Communism?

By NORMAN DODD

This Council Letter gives the view of an experienced economist, Mr. Norman Dodd of New York, formerly research director of the Reece Committee of the 83rd Congress. Mr. Dodd's independent studies over many years and his experience with certain of the tax-exempt American foundations have led him to conclude that the failure of education in this country is enabling much of the wealth of the country to be used so to change the structure of our American society as to lead to national breakdown.

Investigation by the Reece Committee of the House of Representatives of American foundations was rudely terminated in 1954 by factors that have never been satisfactorily explained.

Mr. Dodd's disclosures will throw light on the rapid gains of socialism and communism in the United States in fields other than education.

We commend this Letter to all Americans.

NATIONAL ECONOMIC COUNCIL

THIS description of a few of my experiences may help to clarify the progress of our national breakdown. Those which I shall describe span some thirty years. They stem from an effort which, personally, I found necessary to make to discover a rational answer to the question:

> Why should we Americans, a people educated to revere freedom, tolerate the abridgement, by institutions whose capital has been created by private enterprise, of the rights upon which that freedom is based?

By "a rational answer" I mean one which would not require my becoming antagonistic toward anyone, in either thought or action. The result has been to find that, in spite of our revered education, we were not taught how to meet the attacks which have now long been made upon these rights. As a consequence, our present experiences are nothing more than proofs of this failure—of our inability to understand what caused the failure, and of our determination to do the best we can under the circumstances which exist because of the failure.

The efforts which enabled me to draw these conclusions were stimulated by studious explorations in the field of American history, which had been a long-standing interest of mine, as well as by my exposure to the original findings of such laymen as the late William Churchill, A. Paul de Saas, Thomas N. McNiece, Elbert O. Kelsey, the late Orlando Weber, Charles Williams, Paul M. Allen, and the late Wilford S. Conrow, which, when considered as a whole and combined with my own findings, indicated beyond any reasonable doubt that:

1) There was no excuse for education's failure to prepare us successfully to defend the rights upon the exercise of which our freedom rests.

2) Even now, this failure could be overcome were it not for some of us and some of our educators who bristle at adverse criticism of established custom, proper or improper. Persons who profit by this failure adjust to current conditions and brand as incomprehensible or unwarranted any suggestion for change.

Copyright 1958, National Economic Council, Inc.

ENCLOSURE
100-385355-1

IN retrospect, these findings, and the justification for action in accordance therewith, were dramatically highlighted upon an occasion when the basis for them was being explained by me to a small group in my own living room. One of the gentlemen present suddenly arose, stalked across the room to the hall, and asked me to step outside. There, shaking with anger, he informed me that he was one of probably a very few persons who appreciated the significance of the premises from which I was speaking—that his life was dedicated to seeing that these premises "never gained circulation"—and that, were he for any reason forced to "hear me out," he would not be responsible for what happened to me—or to any member of my family. At that time, this man was a close adviser to the Secretary of the Treasury of the United States, and to one of our more important banking houses. Subsequently he was a key figure in the development of United States governmental control of atomic energy.

Not long afterward another experience gave me food for thought. This time my guests included a figure outstanding in the field of social engineering who was then active in the area of national planning. When the explanation of my thesis reached the point where it could be drawn upon to support the actions of our Founding Fathers and their advocacy of the Constitution, this man was vehement in his statement that such a thing could not be permitted because the future of the United States lay in socialism—socialism administered with characteristic American efficiency.

To me it is significant that none of the two hundred and fifty men and women to whom, over a ten-year period, I presented the idea of an educational failure in our country, could accept it. They admitted that it was beyond their power to grasp, or they became as angry as good manners would permit.

Ten more years of study that followed made it more and more apparent that the answer to our difficulties lay in the cultural realm of our national life. And creeping through these years of study grew the sinister feeling that this realm had been tampered with *deliberately*, and to the point where it would no longer serve us in our hour of need. Subsequently I was to be presented with an opportunity to confirm this conviction through my experiences with the Reece Committee and its investigation of our tax-exempt foundations.

LOOKING backward, two experiences stand out among the many which were to fill that year in Washington. One involved conversations with the officers of one of our largest foundations wherein they explained to me that its activities were being guided by three documents: the Sermon on the Mount, the Declaration of Independence, and the Constitution of the United States. They said that during and after World War II, the majority of its officers had worked with the Office of Strategic Services, the State Department, and the European Economic Administration—under directives which called for *an alteration of the social structure of the United States so as to make co-existence with the Soviet Union possible.* They said further that their foundation grants would, thereafter, be directed to this end; the inference being that therein lay our hope for a peaceful future, with all the benefits which this implied. Their *wonder* was that, having such a laudable objective, the foundation should have experienced such a bad press—and that the Congress should wish to investigate it!

When I suggested to these gentlemen that the foundation explain publicly that its grants were made to further this purpose—and thus dispel the confusion in the minds of the American people which their past grants had created—their answer was a horrified "No! Such a move would be unthinkable!"

It did not seem to occur to them that, while *legally* the foundation was privileged to operate as its officers saw fit, such disagreeable consequences as a bad press and a Congressional investigation could hardly be avoided unless the public were informed of *what* it was doing—and *why*. Rather than risk the candor of a clear statement of policy in the light of which its grants would at least appear logical—if not acceptable—they apparently preferred to rely upon an effort to control the press and thwart the Congress.

At a meeting with the officers and counsel of another large foundation to whom I had written, requesting answers to questions about grants made by it since the early 20's, they explained that the records which would produce the answers were in storage. They suggested that, instead, I or a member of my staff examine their Minute Books, beginning with the inception of their foundation. Through this medium I was afforded the opportunity to learn that in this country some men of prominence had been influential and bold enough to use the wealth at their command to involve the United States in war for the purpose of removing

the traditional differences between itself and the nations of Europe—and thereafter were powerful enough to transform their first successes into a permanent involvement of our people in the affairs of others. Apparently these officers had never read the early minutes themselves!

THESE experiences will illustrate what we should now know: that what has happened to us as a people was condoned by privately owned wealth and for this condition to continue, it is necessary that this knowledge be kept from us. We can anticipate that the power of wealth will continue to be employed for this purpose. And since these foundations are tax exempt, thereby placing an added burden on all other taxpayers, it means the whole people are being forced to contribute to the project of the destruction of the American system of private enterprise.

These happenings served me as clues. They indicated that the destructive ideas and deeds chargeable to essentially able men were simply their thoughtlessly undisciplined references to what the late Colonel E. M. House referred to as the fact that the social structure of the world had been wrongly organized to begin with. That such is the case becomes even more obvious in the light of what education in the United States should have embraced, assuming it had remained loyal to its obligations to develop citizens able "to secure the blessings of liberty to themselves and their posterity."

Meanwhile such experiences and continued study made it clear to me that the deflection of the people of the United States from their original course as set forth in their Declaration of Independence and their now obvious inability to return to it—can be accounted for by their lack of knowledge regarding the use to which American wealth has been and is being put. It also becomes evident that, in the absence of this knowledge, the natural forces to which the affairs of men are subject would compel us to indulge in practices such as I have just exposed.

In brief, the significance of contemporary events is that they testify to our having become dependent upon these harmful practices inimical to our common good. They also testify to the existence of evil pressures which must be recognized and terminated. Pending these difficult accomplishments, we can expect to continue down the road we are now traveling, driven by the power of our own wealth. We can also anticipate the time when this wealth will resort, in its own short-term interest, to the centralized controls for which socialism calls, and will continue to finance the development of such controls.

For the moment, in the minds of certain of these foundation leaders, these practices need to be disguised—made difficult to detect. We have not yet reached the point where we would countenance them if we knew them for what they really are or recognized why they have become so important a part of our national life.

IT is not easy to realize that we ourselves are our own enemy. As I said in my REPORT TO THE AMERICAN PEOPLE*:

> Behind *events* in history lie *changes* in the practices by which men endeavor to live in harmony with one another and with their environment.
>
> Behind the *changes* lie *ideas* which created the change.
>
> Behind the *ideas* lie the *persons* who formulated the ideas.
>
> Behind these *persons* lie *"others"* who see in the application of these ideas a means of demonstrating man's independence of God.
>
> And behind these *"others"* lies the *power inherent in productive wealth.*

The regularity with which this sequence occurs, the similarity of the influences set in motion as a result, and the equality of circumstances to which these influences give rise—are discoveries of importance to be made by the historian of the future. They should be of inestimable worth to him because at last he will be able to explain historic phenomena in terms of impersonal cause and effect, and will provide him with a basis for judgment of ideas and practices free from the conflicting opinions which have so far prevented men from achieving either unity or peace.

PROPERLY defined, capitalism is "wealth engaged in the production of more wealth"; but we are busily engaged in the suicidal practice of *making money out of money*—and in adjusting ourselves to the consequences. We have relinquished the rights with which we have been endowed by our Creator—once guaranteed to us by our Constitution—for a mess of pottage composed of social security, welfare benefits, subsidies and the like.

Communism, socialism, internationalism and world federalism are diversions designed by the powers of finance at the behest of those few capitalists who exploit us to hide their identity and

* NEC has a limited number of copies of this Report and they are available at 35c each postpaid.

NW 46642 DocId:34308222 Page 106

insure benefits to themselves. As long as we permit them to remain unidentified and to operate, they will develop and continue to support an education to justify the results of their actions, and will finance this development. No educator will be able to resist the consequent pressures which our stupidities have released.

It is important, therefore, that we understand that the art by which we are attempting to live is not capitalism, but conform-ism. We must understand that communism is little more than a modern art designed to frighten us into conformity; that socialism is only a philosophical excuse for both; and that our drift toward one-world-ism is the logical consequence of pressures exerted by these exploiters to secure and exercise political power on a world-wide scale.

The seriousness of our toleration of these fallacies which deny the sanctity of private property becomes evident when we recall that our Founding Fathers, who were the advocates of liberty, knew that this sanctity was essential if the people were to protect themselves from tyranny. For to them property was the tool for the production of wealth. They presumed that, in return for the benefits of liberty, people would willingly assume the responsibility which accompanies ownership, would insist upon administering their own wealth, and that they would equip themselves educationally to do so.

HISTORY reveals that a civilization rises when its members demonstrate an ability to develop capital and falls when they do not; that their liberties expand in proportion to the willingness of the individual to assume responsibility for the productivity of the capital which he owns; and they contract when he refuses to accept that responsibility. Advancing materialism and our inability to understand or unwillingness to accept these historical facts must end in bondage for us all.

Because education has neglected to inform us regarding these matters or to equip us to acquire this knowledge from experience, we hesitate to undertake such a prodigious step. We continue to rely upon the temporary benefits which materialism and irresponsibility seem to produce; and we try to convince ourselves that progress is being made.

An alternative to present practices cannot be proposed with any degree of logic until our property rights are returned by those who now exercise them, supposedly in our behalf. We are therefore challenged by the problem of how this is to be done and how civilization can be kept from destroying itself. The answers lie in a determined and purposefully organized effort to overcome our ignorance of the natural causes of human events. Procedures will be difficult because they must be based upon a concept which is not familiar to many of us today—the concept that men are governed by Natural Law, or, as our forefathers expressed it, "by the laws of Nature and of Nature's God."

Men must realize that capitalism, as exemplified by the use of it by certain foundations, and communism, respectively, are subjective and objective manifestations of *unbridled power*.

Our recognition of this fact is Nature's way of awakening us to a danger that threatens our very existence as a people.

This Council Letter may be quoted in whole or part provided due credit is given to the National Economic Council, Inc., Empire State Building, New York 1, N. Y., and quotation is specified to be from Economic Council Letter 423, January 15, 1958.

NATIONAL ECONOMIC COUNCIL, INC., established in 1930, is a non-profit, non-partisan membership corporation organized under New York State law. It publishes the semi-monthly ECONOMIC COUNCIL LETTER and occasional ECONOMIC COUNCIL PAPERS.

OFFICERS: *President*, Merwin K. Hart. *Vice-Presidents:* Ora A. Taylor, Earl Harding, Lt. Gen. P. A. del Valle, U.S.M.C., retired, Dr. Elwood Rowsey, A. Margaret Schmid, Constance G. Dall, George S. Montgomery, Jr., Vice Adm. C. S. Freeman, U.S.N., retired; *Secretary*, McKay Twombly; *Assistant Secretary*, Sibylla Schilling; *Treasurer*, Baird Parks.

Subscription $10 a year, $6 for six months, $3.50 for three months. Special rate for student or teacher, $5 a year.
Air Mail Subscription (domestic) $11.44 a year, Air Mail (foreign) $15.00 a year.

EXTRA COPIES of this Council Letter 15c each (8 for $1), $9 per 100, $50 per 1,000.

Special prices will be quoted for larger quantities. Please add 3% sales tax for deliveries in Greater New York and 4% shipping charges on quantities of 100 or more.

National Economic Council, Inc., Empire State Building, New York 1, N. Y.
903 First National Bank Bldg., Utica 2, N. Y.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Mr. Tolson
Mr. Boardman
Mr. Belmont
Mr. Mohr
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Trotter
Mr. Clayton
Tele. Room
Mr. Holloman
Miss Gandy

TO : Director, Federal Bureau of Investigation

DATE: March 12

FROM : William F. Tompkins, Assistant Attorney General, Internal Security Division

SUBJECT: Tax Exempt Foundations

Reference is made to your memorandum to the Deputy Attorney General dated January 21, 1958, captioned as above, in which you report that a confidential source advised he had received from an individual information, concerning which the source is skeptical, to the effect that the directors of the Ford, Carnegie and Rockefeller Foundations have come to the conclusion that the world is inescapably moving toward communism and therefore were guiding their projects to that end, which includes attempts to place similarly minded individuals throughout the United States Government.

In the light of the potentially serious consequences such policies and actions might have upon Governmental operations and the democratic processes of this country, if true, it is requested that the Bureau attempt discreetly to determine the validity of this information. It is further requested that any additional intelligence which may come to the Bureau's attention with respect to these alleged policies and actions be furnished to this Division.

EX-136 REC-39 100-385355-50

14 MAR 26 1958

EX-136 14 MAR 13 1958

NW 46642 DocId:34308222 Page 108

SAC, New York (100-113307)

March 17, 1958

Director, FBI (100-385355)

1 - Mr. Nease
1 - Mr. Boardman
1 - Mr. Belmont
1 - Liaison Section
1 - Mr. Baumgardner
1 - Mr. Kleinkauf

100-385355-58

REC- 39

EX-136

TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

FOIA(b)(7) - (D)

Reference is made to your airtel dated 1-15-58 captioned [redacted] enclosing a memorandum setting forth information received from [redacted] concerning a paper to be published by a Mr. Dodd, described as a former employee of the Reece Committee of the House of Representatives, concerning the Ford, Carnegie and Rockefeller Foundations.

There is enclosed a memorandum from the Internal Security Division of the Department dated 3-12-58, which memorandum is self-explanatory.

In view of the request contained in the enclosed memorandum, you are instructed to contact [redacted] to determine whether he has any more information concerning this matter and whether he knows if Dodd has published his paper containing an expose of the afore-mentioned Foundations. In the event such a paper has been published, you should secure a copy of it and review it to determine whether it contains the allegations as set out in the enclosure to your referenced airtel. In the event it does, you should interview Dodd for facts in his possession concerning such allegations.

In the event the paper has not been published and due to the fact that [redacted] advised that Dodd had contacted other individuals for funds to publish the paper, Dodd should be interviewed, as noted above, unless such an interview would compromise [redacted]. [redacted] should be advised of your contemplated interview with Dodd to determine whether the interview might compromise him as a source or might tend to disclose his identity.

Enclosure

1 - Bufile [redacted]
1 - ~~100-391679~~ (Ford Foundation) 100-418797
1 - 94-1 Sub 14850 (Carnegie Foundation)
1 - 62-12770 (Rockefeller Foundation)

Note: See memo Belmont to Boardman, captioned as above dated 3-17-58, JHK:fk.

MAIL ROOM

JHK:fk (13)

UNRECORDED COPY FILED IN 100-418797-1, 94-1-14850-1, 62-12770-1

MAR 17 1958 MAILED 30

MAR 28 1958

NW 46642 DocId:34308222 Page 109

Letter to New York
Re: Tax Exempt Foundations
100-385355

In the event your office is in possession of information making the interview of Dodd inadvisable, you should advise the Bureau immediately and hold in abeyance such interview pending Bureau instructions.

Dodd has been identified as Norman Dodd who in late 1956 resided at 450 East 63rd Street, New York City, telephone number TE 8-5074, and who was employed as an investment counsel by Dolnfield and Dolnfield, 14 Wall Street, New York City, telephone number WO 4-3400.

This matter should receive expeditious attention.

NW 46642 DocId:34308222 Page 110

1 - M[illegible] if

SAC, New York (100-113307) April 2, 1958

Director, FBI (100-385355)

TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

ReBulet 3-17-58 captioned as above.

Advise by return mail when data requested in relet may be expected.

JHK:fk
(4)

REC- 98 100-385355-51

EX-135

APR 3 1958

Tolson
Nichols
Boardman
Belmont
Mohr
Parsons
Rosen
Tamm
Trotter
Nease
Tele. Room
Holloman
Gandy

COMM — FBI
APR 2 1958
MAILED 25

62 APR 7 1958
MAIL ROOM

NW 46642 DocId:34308222 Page 111

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (100-385355) DATE: 4/4/58

FROM : SAC, NEW YORK (100-113307)

SUBJECT: TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

Rebulets 3/17/58 and 4/2/58.

Blank memorandum reflecting results of investigation requested in relet 3/17/58 has been dictated and is being corrected, and will reach Bureau by 4/8/58.

2-Bureau (100-385355) RM
1-New York (100-113307)

FBI
JFC:EG
(3)

RECEIVED
64 APR 9 1958

REC-4 100-385355-52

EX-135

17 APR 8 1958

INT. SEC.

NW 46642 DocId:34308222 Page 112

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (100-385355) DATE: 4/7/58

FROM : SAC, NEW YORK (100-113307)

FOIA(b)(7) - (D)

SUBJECT: TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING (INTERNAL SECURITY)

Re Bureau letter 3/17/58.

REC-57

Enclosed herewith are eight copies of a letterhead memorandum reflecting results of interview of NORMAN DODD, 450 East 63rd Street, NYC, by SAS HENRY A. MC GILL and JOHN FRANCIS CURRAN and in addition there are enclosed two copies of this letterhead memorandum and two copies of this letter for WFO.

NEW YORK, NY.

On 3/26/58 [redacted] was contacted at which time he advised that an interview of NORMAN DODD would not compromise his confidential relationship with this Bureau, since when he received the original information in this matter there were otherlpeople present and since DODD has been attempting to raise funds in order to publish the information contained in his original allegation. The source stated that DODD had indicated to him that among the people who were interested in this matter was a Philadelphia millionaire named DONNER (ph).

The assistant referred to by Mr. DODD in the enclosed letterhead memorandum is Miss KATHERINE CASEY, an attorney in Washington, D.C., currently a member of the legal staff of the Federal Trade Commission. Mr. DODD requested that Miss CASEY's name be kept confidential and that inquiry made of her should be made in a discreet manner so as not to cause her any embarrassment in her present position with the Federal Trade Commission. Mr. DODD stated that contact with Miss CASEY should be made in a very discreet manner, inasmuch as she is a very high-strung and emotional woman, principally as a result of her experiences under the pressures which surrounded her employment with the Reece Committee.

WFO is requested to interview KATHERINE CASEY concerning her knowledge of the information contained in the enclosed letterhead memorandum, bearing in mind the above information furnished by NORMAN DODD.

100-385355-53

2-Bureau (100-385355) (RM) (Encl.2)
2-Washington Field (RM) (Encl.2)
1-New York (100-113307)
JFC:meb
(5)

REC-123 57-1177

3 APR 9 1958

FBI

INTSEC

10 ENCLOSURE

64 APR 23 1958

NW 46642 DocId:34308222 Page 113

WFO is requested to expedite this investigation as per instructions in relet.

Enclosed also for the information of the Bureau are the following two pamphlets received in the mail by the NYO on 4/4/58 from NORMAN DODD:

1. "The Dodd Report to The Reece Committee on Foundations".

2. "The Dodd Report to The American People".

NW 46642 DocId:34308222 Page 114

United States Department of Justice
Federal Bureau of Investigation

201 East 69th Street
New York, New York

April 7, 1958

Tax-Exempt Foundations

On April 1, 1958, Mr. Norman Dodd, formerly the Research Director of the Reece Committee of the House of Representatives, was interviewed at his residence 450 East 53rd Street, New York City. Mr. Dodd was advised that it had come to the attention of the Federal Bureau of Investigation, that he had information which indicated that the executives of the various tax-exempt foundations, such as the Rockefeller, Carnegie, etc. had come to the conclusion that the world was moving inescapably toward Socialism and that they will attempt to bring about a peaceful evolution toward this end, rather than through violent means. In furtherance of this end they were attempting to place individuals of similar political philosophy in the United States Government, particularly in the State Department. Mr. Dodd stated that the above statement was in essence correct. He stated that the following was his personal experience in this matter:

In the Spring of 1954, he was the Research Director for the Reece Committee of the House of Representatives, which was investigating tax-exempt foundations to determine if they were engaged in any "un-American activities." He stated that the resolution creating the Reece Committee did not define the term "un-American activities" so he instructed his staff to consider "un-American activities" as any actions engaged in to alter the form of the United States Government by other than legal means. He stated that the only conceivable means short of outright revolution which could be used would be to use the power of concentrated wealth. He stated that this investigation centered about 10 principal tax-exempt foundations. He stated that they were attempting to determine their influence on American life, during the previous 50 years. Mr. Dodd stated that the Ford Foundation was included in this investigation, although it only came into existence during recent years.

COPIES DESTROYED
233 OCT 16 1963

100-385355-53

ENCLOSURE

The Investigating Committee sent letters to the various foundations requesting them to furnish information concerning certain activities. Shortly after these letters were sent out he was contacted by Dr. Johnson of the Carnegie Endowment for International Peace and he asked Mr. Dodd to stop into their New York Office the next time that he was in New York City. Mr. Dodd stated that he visited Dr. Johnson at the Carnegie Foundation Office in New York City. When he met with him, Dr. Johnson was accompanied by two Vice Presidents of the Foundation and legal counsel. Dr. Johnson told Mr. Dodd that the Carnegie Foundation would answer all of the questions in the Reece Committee letter, but stated that when the United States had become one of the signatories of the United Nations charter, they felt that their principal reason for existence had been fulfilled. Accordingly they had placed a great deal of their records and their offical documents in storage, but Dr. Johnson offered Mr. Dodd a room in which a Committee Investigator could review the records of the Carnegie Foundation.

Mr. Dodd stated that he sent an investigator to review the Carnegie records and this investigator was instructed to take a sampling of the records for review. He stated that after about one week the investigator returned and told him that, in reviewing the records of the deliberations of the trustees over a period of years, she had come to the conclusion that they were using the wealth of the Foundation to alter the social structure of the United States and were using diplomacy to bring this change about. In addition the investigator came to the conclusion that the Foundation was using its money to influence education to reorient students to accept these changes in social structure.

Mr. Dodd stated that based on the information furnished him by the investigator and based on other information that he had acquired over the years, he came to the conclusion that the trustees were not the victims of smart talking, radical, academicians, as had been generally thought by the public. Mr. Dodd stated that he brought this information to the attention of the legal counsel of the Reece Committee, but the legal counsel was proceeding along the lines that the trustees had been duped. Mr. Dodd stated that based on his experience in the Reece Committee and previous experience, it was his personal viewpoint that the foundations were attempting to bring the United States'

NW 46642 DocId:34308222 Page 116

social structure closer to the European social structure by centralizing power in a cartel type of system and were using Socialism as a "fop" to the masses. Mr. Dodd stated that in the late 1920s several of the major foundations gave a grant to the American Historical Association to conduct a survey of what had transpired in American History. He stated that the last volume of this survey indicates that there is to be no more sovereignty in the United States in the future and that we should be prepared for a collective society.

Concerning the statement that the foundations were attempting to place people of similar political philosophy in the United States Government, Mr. Dodd stated that he has no definite proof of this statement. However, he stated that it is an opinion which cannot be substantiated that when an appointment for Government employment requiring some academic standing is to be made, it is usually cleared through the American Council of Learned Societies in Washington, D.C. and the people whom they recommend usually get the job. He stated that this organization was organized and is supported by foundation funds.

Mr. Dodd stated that he himself is interested in mobilizing funds in order to show the role of wealth in the social changes which are being made in the United States and that he is not solely interested in raising funds specifically to point out the above information. He stated that he has devoted a great deal of his life to a study of the role of wealth in the social changes in the United States.

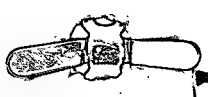
Mr. Dodd in conclusion pointed out an incident which he felt typified the attitude of some of the executives in tax-exempt foundations. He stated that in the Congress prior to the creation of the Reece Committee, an investigation was conducted into tax-exempt foundations, and the report by that committee was favorable to the foundations. However, after the report was made, there seemed to be a clamor of public opinion for further investigation into the tax-exempt foundations which resulted in the creation of the Reece Committee.

NW 46642 DocId:34308222 Page 117

During the course of the investigation by the Reece Committee, Mr. Dodd stated that he met with several of the executives in the upper echelon of the Ford Foundation. At that time they expressed surprise over the fact that the foundations were being reinvestigated and actually appeared to be upset over the investigation. They told him that they could not understand what was going on, since all of them had worked in the Office of Strategic Services, Economic Cooperation Administration, and the State Department during World War II and had worked under directives indicating that the hope of the world was the re-orientation of life in the United States in order to eventually merge with the Soviet Union. Mr. Dodd stated that he was so shocked by this statement that he was unable to speak for a few moments and shortly thereafter one of the Ford executives present stated that their organization was guided by three principal documents; the Declaration of Independence, the Constitution and the Sermon on the Mount. Mr. Dodd stated that at the conclusion of this interview he was completely confused as to the objective of the Ford Foundation.

This memorandum is loaned to you by the FBI, and neither it nor its contents are to be distributed outside of the agency to which loaned.

NW 46642 DocId:34308222 Page 118



ENCLOSURE

100-385355-53

The

DODD REPORT

to the

Reece Committee on Foundations

#1



NW 46642 DocId:34308222 Page 120

THE REPORT
of
NORMAN DODD, DIRECTOR OF RESEARCH
covering his direction of the Staff
of
THE SPECIAL COMMITTEE
of
THE HOUSE OF REPRESENTATIVES
to
INVESTIGATE TAX EXEMPT FOUNDATIONS
for
the six months' period
November 1, 1953—April 30, 1954

* * *

Prepared in accordance with the suggestion which the Director of Research made to the Committee at its meeting in Washington, D. C. on Thursday, the 29th of April, 1954 for submission to:

HON. B. CARROLL REECE (TENN.), CHAIRMAN
HON. JESSE P. WOLCOTT (MICH.)
HON. ANGIER L. GOODWIN (MASS.)
HON. WAYNE L. HAYS (OHIO)
HON. GRACIE PFOST (IDAHO)

* * *

This is the original Dodd Report, in full.
It ends with the following words:

"I assume it is the purpose of this inquiry
to gather and weigh the facts."

* * *

COPYRIGHT 1954
THE LONG HOUSE, INC.
NEW YORK, N. Y.

Library of Congress Catalog Card Number: 54-11186

* * *

Printed and bound in the United States of America

FOREWORD

As the report which follows may appear to have stressed one aspect of Foundation-giving to the exclusion of others, I take this opportunity to call attention to the fact that innumerable public benefits are traceable to the philanthropy in which Foundations have been engaged. Both in volume and kind these benefits must appear to any student of this subject to have been without parallel. And in the vast majority of instances they must be regarded as beyond question either from the standpoint of their conformity to the intentions of their donors or from the standpoint of the truly American quality of their consequences.

I also wish to acknowledge the cooperation which, without exception, has been extended by Foundations to the staff whenever it was found necessary to solicit information from them either directly or in writing.

Finally, I take this opportunity to state that in the degree the following report appears to be critical, I sincerely hope it will be deemed by the Committee, Foundations, and the public alike to be constructively so. It was in this spirit that the work of which this report is a description was undertaken and completed.

Norman Dodd
Research Director

NW 46642 DocId:34308222 Page 122

PART I

INTRODUCTION

Immediately the staff was assembled, I initiated studies—

To secure a full understanding of the ground covered by the Cox Committee as disclosed in the Hearings it held, the files it maintained, and the report it rendered.

To determine the dimensions of the subject to be investigated and studied, and to satisfy myself as to its contents and its probable ramifications.

To define the words: foundation, un-American, subversive, political, and propaganda, in the sense in which they are used in *H. Res. 217* and, if possible, dispose of their controversial connotations.

To familiarize myself with the expressions of purpose customarily used in Foundation charters.

Simultaneously, I undertook additional studies: to determine the validity of the criticism leveled against the work done by the Cox Committee; to substantiate or disprove the prevalent charge that Foundations were guilty of favoritism in the making of educational grants; to examine the charge that, as a result of this favoritism, a few selected universities and scholars had been able to dominate the field of research to their own advantage; and to prove or disprove the accusations that Foundations had been responsible for a deterioration in the standards to which our scholars and teachers had previously conformed.

DIMENSIONS AND CONTENTS

Once the aforementioned studies had been completed—keeping in mind the five determinations which the Committee had been directed to make—I concluded that the dimensions of the subject to be investigated and studied were—6,000 to 7,000 Foundations, capital resources approximating $7,500,000,000, annual disbursements in the form of grants amounting to at least $300,000,000, a time-span of 50 years (1903-1953), and a number of grants conservatively estimated at 50,000, with approximately 15% of these funds concentrated in $\frac{1}{20}$th of 1% of the number of Foundations—specifically, Carnegie and Rockefeller—which happen to be the oldest.

In content, I discovered the subject included grants for every form of charity and support of research within the limits of the arts, the sciences, the religions, the philosophies, and the many subdivisions of these well-known disciplines. It also embraced grants to cover the cost of such physical facilities as school and university buildings, hospitals, churches, settlement houses, homes for recuperation, libraries and art galleries, and the permanent collections housed in each.

NW 46642 DocId:34308222 Page 123

Finally, I found that the subject included a myriad of Fellowships awarded to scholars and artists active in fields too numerous to mention, let alone classify for the purpose of accurate evaluation.

DEFINITIONS

These studies also enabled me to settle upon the following definitions:

Foundations—Those organizations resulting from the capitalization of the desire on the part of an individual, or a group of individuals, to divert his or their wealth from private use to public purpose.

Un-American and *Subversive*—Any action having as its purpose the alteration of either the principle or the form of the United States Government by other than constitutional means. (This definition is derived from a study of this subject made by the Brookings Institute at the request of the House Un-American Activities Committee.)

Political—Any action favoring either a candidacy for public office, or legislation or attitudes normally expected to lead to legislative action.

Propaganda—Action having as its purpose the spread of a particular doctrine or a specifically identifiable system of principles. (In use this word has come to infer half-truths, incomplete truths, as well as techniques of a covert nature.)

CHARTER PROVISIONS

The purposes of Foundations were revealed by these studies to be generally of a permissive, rather than a mandatory character. Customarily, they were expressed to place the burden of interpretation on either trustees or directors. Such words as "educational", "charitable", "welfare", "scientific", "religious", were used predominantly to indicate the areas in which grants were permitted. Phrases such as "for the good of humanity" and "for the benefit of mankind" occurred frequently. The advancement of such general concepts as "peace" and either "international accord" or "international understanding" was noticeable as a purpose for which Foundations had been established.

To illustrate the extent to which the burden of interpretation is frequently placed upon trustees of Foundations, I cite the following:

> " . . . administered and operated by the trustees exclusively for the benefit of, . . . [the] income therefrom shall be distributed by the trustees exclusively in the aid of, such religious, educational, charitable and scientific uses and purposes as, in the judgment of the trustees, shall be in furtherance of the public welfare and tend to assist,

NW 46642 DocId:34308222 Page 124

encourage and promote the well-doing or well-being of mankind, or of any community."

COX COMMITTEE CRITICISMS

There were eight criticisms leveled at the Cox Committee:

1) Time and facilities were inadequate.
2) Excuses concerning grants to Communists were too readily acceptable.
3) Trustees and officers were not under oath.
4) Only a few Foundations were investigated.
5) The propaganda activities of Foundations were not investigated.
6) Foundations were not asked why they did not support projects of a pro-American type.
7) Extensive evidence was not used.
8) The Ford Foundation was not investigated.

FOUNDATION CRITICISMS

Our studies indicated very clearly how and why a critical attitude could have developed from the assumption that Foundations operating within the sphere of education had been guilty of favoritism in making their grants. After having analyzed responses relating to this subject from nearly 1,000 colleges in the United States, it became evident that only a few have participated in the grants made.

However, when the uniqueness of the projects supported by Foundations was considered, it became understandable why institutions such as Columbia, Harvard, Chicago and the University of California had received monies in amounts far greater than had been distributed to others. Originally, scholars capable of handling these unique subjects were few. Most of them were members of these seemingly favored institutions.

Now that these subjects no longer appear to be regarded as unique and sufficient time has elapsed within which to train such competent specialists, the tendency of Foundations to distribute grants over a wider area has become noticeable.

The purported deterioration in scholarship and in the techniques of teaching which, lately, has attracted the attention of the American public, has apparently been caused primarily by a premature effort to reduce our meagre knowledge of social phenomena to the level of an applied science.

APPROACH

As this report will hereafter contain many statements which appear to be conclusive, I emphasize here that each one of them must be understood to have resulted from studies which were essentially exploratory. In no sense should they be considered proved. I mention this in order to avoid the necessity of qualifying each as made.

NW 46642 DocId:34308222 Page 125

Confronted with the foregoing seemingly justifiable conclusions and with the task of assisting the Committee to discharge its duties as set forth in *H. Res. 217,* within the seventeen month period, August 1, 1953-December 31, 1954, it became obvious to me that it would be impossible to perform this task if the staff were to concentrate on the internal practices and the grant-making policies of Foundations themselves. It also became obvious that if the staff was to render the service for which it had been assembled, it must expose those factors which were common to all Foundations, and reduce them to terms which would permit their effects to be compared with the purposes set forth in Foundation charters, the principles and the form of the United States Government, and the means provided by the Constitution for altering either these principles or this form.

In addition, these common factors would have to be expressed in terms which would permit a comparison of their effects with the activities and interests connoted by the word "political", and also with those ordinarily meant by the word "propaganda".

Our effort to expose these common factors revealed only one, namely—"the public interest". It further revealed that if this finding were to prove useful to the Committee, it would be necessary to define "the public interest". We believe this would be found in the principles and form of the Federal Government, as expressed in our Constitution and in our other basic founding documents.

This will explain why subsequent studies were made by the staff of the size, scope, form and functions of the Federal Government for the period 1903-1953, the results of which are set forth in detail in a report by Thomas M. McNiece, Assistant Research Director, entitled, *The Economics of the Public Interest.*

These original studies of "the public interest" disclosed that during the four years, 1933-1936, a change took place which was so drastic as to constitute a "revolution". They also indicated conclusively that the responsibility for the economic welfare of the American people had been transferred heavily to the Executive Branch of the Federal Government; that a corresponding change in education had taken place from an impetus outside of the local community, and that this "revolution" had occurred without violence and with the full consent of an overwhelming majority of the electorate.

EDUCATION

In seeking to explain this unprecedented phenomenon, subsequent studies pursued by the staff clearly showed it could not have occurred peacefully, or with the consent of the majority, unless education in the United States had been prepared in advance to endorse it.

These findings appeared to justify two postulates:

1) that the policies and practices of institutions purporting or obliged by statute to serve "the public interest" would reflect this phenomenon, and

NW 46642 DocId:34308222 Page 126

2) that Foundations whose trustees were empowered to make grants for educational purposes would be no exception,

on the basis of which, after consultation with Counsel, I directed the staff to explore Foundation practices, educational procedures, and the operations of the Executive branch of the Federal Government since 1903 for reasonable evidence of a purposeful relationship between them.

Its ensuing studies disclosed such a relationship and that it had existed continuously since the beginning of this 50-year period. In addition, these studies seem to give evidence of a response to our involvement in international affairs. Likewise, they seemed to reveal that grants had been made by Foundations (chiefly by Carnegie and Rockefeller) which were used to further this purpose by:

Directing education in the United States toward an international viewpoint and discrediting the traditions to which it [formerly] had been dedicated.*

Training individuals and servicing agencies to render advice to the Executive branch of the Federal Government.

Decreasing the dependency of education upon the resources of the local community and freeing it from many of the natural safeguards inherent in this American tradition.

Changing both school and college curricula to the point where they sometimes denied the principles underlying the American way of life.

Financing experiments designed to determine the most effective means by which education could be pressed into service of a political nature.

At this point the staff became concerned with:

Identifying all the elements comprising the operational relationship between Foundations, education and government, and determining the objective to which this relationship had been dedicated and the functions performed by each of its parts.

Estimating the costs of this relationship and discovering how these costs were financed.

Understanding the administration of this relationship and the methods by which it was controlled.

Evaluating the effect of this operational relationship upon "the public interest" and upon the social structure of the United States.

Comparing the practices of Foundations actively involved in this relationship with the purposes for which they were

* This story, fully documented, is told in *The Turning of the Tides*, by Paul W. Shafer and John Howland Snow. (THE LONG HOUSE, INC., 1953. Library Edition, $3.00. Paperbound, $2.00)

NW 46642 DocId:34308222 Page 127

established and with the premises upon which their exemption from taxation by the Federal Government is based.

In substance, this approach to the problem of providing the Committee with a clear understanding of Foundation operations can best be described as one of reasoning from total effect to primary and secondary causes.

We have used the scientific method and included both inductive and deductive reasoning as a check against the possibility that a reliance upon only one of these might lead to an erroneous set of conclusions.

Neither the formal books and records maintained by Foundations operating within the educational sphere, nor any of their supplemental or less formal reports to the public, make it possible to appraise the effect of their grants with any degree of accuracy. We needed to turn to the grantees—rather than the grantors—for the information required by the Committee to make the specific determinations requested by the Congress in *H. Res. 217,* namely:

> Have Foundations—used their resources for purposes contrary to those for which they were established?
>
> —used their resources for purposes which can be classed as un-American?
>
> —used their resources for purposes which can be regarded as subversive?
>
> —used their resources for political purposes?
>
> —resorted to propaganda in order to achieve the objectives for which they have made grants?

To insure these determinations being made on the basis of impersonal facts, I directed the staff to make a study of the development of American education since the turn of the century and of the trends in techniques of teaching and of the development of curricula since that time. As a result, it became quite evident that this study would have to be enlarged to include the accessory agencies to which these developments and trends had been traced.

The work of the staff was then expanded to include an investigation of such agencies as:

> The American Council of Learned Societies, the National Research Council, the Social Science Research Council, the American Council on Education, the National Education Association, the League for Industrial Democracy, the Progressive Education Association, the American Historical Association, John Dewey Society, and the Anti-Defamation League.

NW 46642 DocId:34308222 Page 128

PART II

ACCESSORY AGENCIES

To characterize some of these briefly:

The *American Council of Learned Societies* was founded in 1919 to encourage humanistic studies, including some which today are regarded as social sciences. It is comprised of 24 constituent member associations. In its entirety, it appears to dominate this division of scholarship in the United States.

The *National Research Council* was established in 1916, originally, as a preparedness measure in connection with World War I. Its charter was renewed in 1919, since which time, on behalf of its 8 member associations, it has been devoted to the promotion of research within the most essential areas ordinarily referred to as the exact and applied sciences.

The *Social Science Research Council* was established in 1923 to advance research in the social sciences. It acts as spokesman for 7 constituent member associations representing all of the subdivisions of this new field of knowledge, *i.e.,* history, economics, sociology, psychology, political science, statistics, and anthropology.

The *American Council on Education* was founded in 1918 "to coordinate the services which educational institutions and organizations could contribute to the Government in the national crisis brought about by World War I." Starting with 14 constituent or founding organizations, this formidable and influential agency has steadily expanded until today its membership is reported to consist of:

79 constituent members (national and regional educational associations),

64 associate members (national organizations in fields related to education),

954 institutional members (universities, colleges, selected private school systems, educational departments of industrial concerns, voluntary associations of colleges and universities within the states, large public libraries, etc.)

The *National Education Association* was established in 1857 to elevate character, advance the interests of the teaching profession and to promote the cause of popular education in the United States. Broadly speaking, this powerful entity concentrates on primary and secondary schools. Its membership is reported to consist of 520,000 individuals who include in addition to teachers—superintendents, school administrators and school secretaries. It boasts that it is "the only organization that represents or has the possibility of representing the great body of teachers in the United States", thus inferring a monopolistic aim.

NW 46642 DocId:34308222 Page 129

The *League for Industrial Democracy* came into being in 1905, when it was known as the *Intercollegiate Socialist Society*, for the purpose of awakening the intellectuals of this country to the ideas and benefits of socialism. This organization might be compared to the Fabian Society in England, which was established in 1884 to spread socialism by peaceful means.

The *Progressive Education Association* was established around 1880. Since then it has been active in introducing radical ideas to education which are now being questioned by many. They include the idea that the individual must be adjusted to the group as a result of his or her educational experience, and that democracy is little more than a system for cooperative living.

The *American Historical Association* was established in 1889 to promote historical studies. It is interesting to note that after giving careful consideration, in 1926, to the social sciences, a report was published under its auspices in 1934 which concluded that the day of the individual in the United States had come to an end and that the future would be characterized, inevitably, by some form of collectivism and an increase in the authority of the State.

The *John Dewey Society* was formed in February 1936, apparently for the two-fold purpose of conducting research in the field of education and promoting the educational philosophy of John Dewey, in honor of whom the society was named. It could be supposed that those who were members of this organization would be devoted to the premises upon which Dr. Dewey had based his experiments in education since 1896. Basically, there were pragmatic and a stimulus to empirical thinking. He held that ideas were instruments and that their truth or falsity depended upon whether or not they worked successfully.

The broad study which called our attention to the activities of these organizations has revealed not only their support by Foundations, but has disclosed a degree of cooperation between them which they have referred to as "an interlock", thus indicating a concentration of influence and power. By this phrase they indicate they are bound by a common interest rather than a dependency upon a single source for capital funds. It is difficult to study their relationship without confirming this. Likewise, it is difficult to avoid the feeling that their common interest has led them to cooperate closely with one another and that this common interest lies in the planning and control of certain aspects of American life through a combination of the Federal Government and education.

This may explain why the Foundations have played such an active role in the promotion of the social sciences, why they have favored so strongly the employment of social scientists by the Federal Government and why they seem to have used their influence to transform education into an instrument for social change.

We wish to stress the importance of questioning change only when it might involve developments detrimental to the interests of the American people, or when it is promoted by a relatively small

NW 46642 DocId:34308222 Page 130

and tightly knit group backed by disproportionately large amounts of money which could threaten the American ideal of competition.

In summary, our study of these entities and their relationship to each other seems to warrant the inference that they constitute a highly efficient, functioning whole. Its product is apparently an educational curriculum designed to indoctrinate the American student from matriculation to the consummation of his education. It contrasts sharply with the freedom of the individual as the cornerstone of our social structure. For this freedom, it seems to substitute the group, the will of the majority, and a centralized power to enforce this will—presumably in the interest of all. Its development and production seems to have been largely the work of those organizations engaged in research, such as the Social Science Research Council and the National Research Council.

The demand for their product seems to come from such strong and sizeable aggregations of interests as the National Education Association and the American Council on Education, whose authorities seem to see in it the means by which education can render a national service. They make frequent reference to this service as synonymous with "the cause of education" and tend to criticize strongly anyone who dares to doubt the validity of their conclusions.

Its promotion appears to have been managed by such organizations as the Progressive Education Association, the American Historical Association, the League for Industrial Democracy, the John Dewey Society and the Anti-Defamation League. Supplementing their efforts were others, such as: the Parent-Teachers Association, the National Council of Churches, and the Committee for Economic Development, each of which has played some part in adjusting the minds of American citizens to the idea of planning and to the marked changes which have taken place in "the public interest".

Others, too, are engaged in the dissemination of this idea as being essential to the security of this country. Neither time nor funds have permitted me to direct the attention of the staff to the opertions and influence of any but a few of these, beyond taking notice of their existence and the purposes which they serve.

From our studies, it appears that the overall administration of this functioning whole and the careful selection of its personnel seem to have been the peculiar interest of the American Council of Learned Societies. It is interesting to note that, by legislative action recently, another entity has been brought into being known as the National Science Foundation, whose purpose is to develop a national policy with respect to science. Its additional purpose is to serve our Government in an advisory capacity in connection with the huge appropriations now being made for research in the interest of effective controls. Evidence exists of close cooperation between privately endowed Foundations, the agencies through which they have operated and the educational institutions through which they have been accustomed to make grants for research. This process may contribute to an undesirable degree of concentrated power.

NW 46642 DocId:34308222 Page 131

It is also interesting to note that by comparison with funds for research provided by Foundations, those now flowing from our Government are so large that they dwarf Foundation contributions. This promises to be true for some time to come and indicates that Foundations may extend their influence over a wider area than in the past.

The result of the development and operation of the network in which Foundations have played such a significant role seems to have provided this country with what is tantamount to a national system of education under the tight control of organizations and persons little known to the American public. Its operations and ideas are so complex as to be beyond public understanding or control. It also seems to have resulted in an educational product which can be traced to research of a predominantly empirical character in the inexact or social sciences.

In these fields the specialists, more often than not, seem to have been concerned with the production of empirical data and with its application. Principles and their truth or falsity seem to have concerned them very little.

In what appears from our studies to have been zeal for a radically new social order in the United States, many of these social science specialists apparently gave little thought to either the opinions or the warnings of those who were convinced that a wholesale acceptance of knowledge acquired almost entirely by empirical methods would result in a deterioration of moral standards and a disrespect for principles. Even past experience which indicated that such an approach to the problems of society could lead to tyranny, appears to have been disregarded.

For these reasons, it has been difficult for us to dismiss the suspicion that, latent in the minds of many of the social scientists has lain the belief that, given sufficient authority and enough funds, human behavior can be controlled, and that this control can be exercised without risk to either ethical principles or spiritual values and that, therefore, the solution to all social problems should be entrusted to them.

In the light of this suspicion and the evidence which supports it, it has been difficult to avoid the conclusion that social scientists of the persuasion I have been discussing have been accepted by Foundations, Government and education as though their claims were true—this in the face of the fact that their validity has been disputed by men well trained in these same disciplines.

In spite of this dispute within his own ranks, the social scientist is gradually becoming dignified by the title "Social Engineer". This title implies that the objective viewpoint of the pure scientist is about to become obsolete in favor of techniques of control. It also suggests that our traditional concept of freedom as the function of natural and constitutional law has already been abandoned

NW 46642 DocId:34308222 Page 132

by the "social engineer" and brings to mind our native fear of controls—however well intended.

In the face of this, it seems strange that Foundations made no reference in their reports to the consequences to be expected from a new science of society founded upon empiricism and undisciplined by either a set of principles or proved experiments. Apparently they were content to operate on the theory that they would produce usable data for others to employ and rely upon them to account for the effects. It may not have occurred to their trustees that the power to produce data in volume might stimulate others to use it in an undisciplined fashion without first checking it against principles discovered through the deductive process.

Their position that they need not closely follow the effects of their support of such grants also seems strange. Their reports often show that they were supporting such a new "science". The descriptions, however, made it very difficult to judge the ultimate purposes for which this support was being given.

To summarize, both the general and the specific studies pursued by the staff during the past six months lead me to the tentative conclusion that, within the social science division of education, the Foundations have neglected "the public interest" to a severe degree.

In my judgment, this neglect may be found by the Committee to have stemmed from:

The willingness of Foundations—

to support experiments in fields which defied control;

to support these uncontrollable experiments without first having proved them to be "in the public interest"; and

to extend this support without reporting its purpose in language which could be readily understood.

I suggest that the Committee give consideration to the tendency of Foundation trustees to abdicate responsibility. To illustrate: The following statement has been taken from *An American Dilemma, The Negro Problem and Modern Democracy,* by Gunnar Myrdal, with the assistance of Richard Sterner and Arnold Rose, Volume II:

> "This study was made possible by funds granted by Carnegie Corporation of New York. That corporation is not, however, the author, owner, publisher, or proprietor of this publication, and is not to be understood as approving by virtue of its grant any of the statements made or views expressed therein."

While this refers to but one project out of many, it becomes significant when it is realized that the project to which these books relate involves some $250,000, and led to the publication of statements which were most critical of our Constitution.

NW 46642 DocId:34308222 Page 133

The similar tendency to delegate responsibility will be seen in the support given by Foundations to agencies such as the Social Science Research Council, which disregards the legal concept: "He who acts through an agent, acts himself."

THE FORD FOUNDATION

Finally, I suggest that the Committee give special consideration to the Ford Foundation. This Foundation gives ample evidence of having taken the initiative in selecting purposes of its own. Being of recent origin, it should not be held responsible for the actions or accomplishments of any of its predecessors. It is without precedent as to size, and it is the first Foundation to dedicate itself openly to "problem solving" on a world scale.

In a sense, Ford appears to be capitalizing on developments which took place long before it was founded, and which have enabled it to take advantage of:

the wholesale dedication of education to a social purpose—

the need to defend this dedication against criticism—

the need to indoctrinate adults along these lines—

the acceptance by the Executive branch of the Federal Government of responsibility for planning on a national and international scale—

the diminishing importance of the Congress and the states and the growing power of the Executive branch of the Federal government—and

the seeming indispensability of control over human behavior.

As if they had been influenced directly by these developments, the trustees established separate funds for use in the fields of education, national planning, and politics. They set up a division devoted to the Behavioral Sciences, which includes a Center for Advanced Study, a program of Research and Training Abroad, an Institutional Exchange Program, and miscellaneous grants-in-aid.

Supplementing these major interests are such varied activities as: a TV Radio Work Shop, "external grants", inter-cultural publications, and an operation called the East European Fund, which is about to be terminated.

When it is considered that the capital resources of this Foundation approach, or may exceed, $500,000,000, and that its income approximates $30,000,000, each year, it is obvious that before embarking upon the solution of "problems", some effort should be made by the trustees to make certain that their solution is "in the public interest".

It is significant that the policies of this Foundation include making funds available for certain aspects of secret Military re-

NW 46642 DocId:34308222 Page 134

search and for the education of the Armed Forces. It becomes even more significant when it is realized that the responsibility for the selection of the personnel engaged in these projects is known to rest on the Foundation itself—subject as it may be to screening by our Military authorities.

In this connection, it has been interesting to examine what the educational aspect of these unprecedented Foundation activities can be expected to produce. The first example is a pamphlet in which the Declaration of Independence is discussed as though its importance lay in the fact that it had raised two, as yet unanswered, questions:

1) Are men equal? and do we demonstrate this equality?

2) What constitutes "the consent of the governed"? and what does this phrase imply in practice?

By inference, the first question is subtly answered in the negative. By direct statement, the second is explained as submitting to majority rule—but the restriction of the majority by the Constitution is not mentioned. Only an abridged version of the Declaration is printed. It is interesting that this should omit the list of grievances which originally made the general concepts of this Document reasonable.

CONCLUSION

It seems incredible that the trustees of typically American fortune-created foundations should have permitted them to be used to finance ideas and practices incompatible with the fundamental concepts of our Constitution. Yet there seems evidence that this may have occurred.

I assume it is the purpose of this inquiry to gather and weigh the facts.

Respectfully submitted,

Norman Dodd, *Director of Research*

SPECIAL COMMITTEE TO INVESTIGATE
TAX EXEMPT FOUNDATIONS

May 10, 1954

NW 46642 DocId:34308222 Page 135

THE NEED FOR A PERMANENT STANDING COMMITTEE

The effect of the Dodd Report was electric. Moves were launched within a matter of hours to block an effective probe. On Capitol Hill, the Committee found itself confronted with obstacles at every turn; the Nation itself was deluged with stories which openly or by inference suggested that the investigation was futile, if not worse. The national board of Americans for Democratic Action (the A.D.A.) formally urged the House to disband its own committee—it was conducting "a frontal attack on learning itself."

Many citizens, on the other hand, believe that such a committee should be made a permanent Standing Committee of the House —"to gather and weigh the facts."

Two quick, effective steps can bring this about. These are:

1) Immediate, widespread reading of this Report—through friends, clubs, organizations;

2) A steady flood of mail to Congress, including, specifically, formal Resolutions from organizations of every kind.

Address: Hon.
House Office Building,
Washington, D. C.

* * *

The *Dodd Report* is available at the following Quantity Prices. Plain white envelopes, for mailing, are included in all shipments of five or more copies. If it is more convenient to have us mail them separately for you, we will do so to whatever list you supply*. Gift cards will be enclosed if you send them to us.

		*Sent individually to your list:
Single copy	*Twenty-five cents*	
5 copies	$ 1.00	$ 1.25
25 copies	5.00	6.25
50 copies	9.00	11.50
100 copies	17.50	22.50

THE LONG HOUSE, INC.
PUBLISHERS
P. O. Box 1103, Grand Central Annex,
New York 17, N. Y.

NW 46642 DocId:34308222 Page 136

100-385355-53

The

DODD REPORT

to

THE AMERICAN PEOPLE

THE DODD REPORT

to

THE AMERICAN PEOPLE

Being, substantially, the explanation

given by

NORMAN DODD

formerly Research Director of The Reece Committee
83d Congress

to

Members of The Alliance and Guests

at

Hunter College Assembly Hall, New York City

on

March 20, 1956

of

Why he regards the cultural experiments of our Tax-Exempt American Foundations to be an indirect, but effective, contribution to Communism—how he reached this conclusion—and what he believes should be done by the people of the United States to offset the effects of these mistakes.

NW 46642 DocId:34308222 Page 139

Members of The Alliance—

Your Guests—

Ladies and Gentlemen:

Ever since the Reece Committee disclosed that funds at the disposal of the Trustees of tax-exempt Foundations had been used to prepare us, culturally, for a *government of men* in place of a *government of law,* I have looked forward to explaining to the American people *why* I regard this use of these funds by these respected gentlemen as an indirect, but nonetheless effective, contribution to Communism—and how I reached such an heretical conclusion.

By honoring me with an invitation to address you tonight, Mr. and Mrs. Roosevelt have graciously provided me with that opportunity.

But before I begin, I would like to dedicate what I shall say—with fondness and admiration—to

— HON. B. CARROLL REECE —

Republican Member of the House of Representatives from Johnson City, Tennessee—whose masterly exhibition of courage and control in the face of an attack upon American concepts by unseen and, as yet, unidentified enemies was no less inspiring than was his display of these attributes when, in World War I, he was subjected to the fire of those who had openly declared themselves determined to destroy the values which these concepts represent.

I hope this reminder of the resolute example which Mr. Reece set during the Hearings will inspire those who intend to defend these values to emulate him by drawing upon like resources within themselves.

I want you to know that, tonight, I represent no one but myself, that the thoughts I shall express will be wholly mine, and that I willingly assume full responsibility for them. In order that you may fully comprehend my meaning, I shall define certain words I shall use which may have a different meaning for you:

Foundation—That legal instrument, or form of ownership, to which men of wealth resort when they desire that wealth to serve a public, rather than a private, purpose.

Economics—The applied science of stewardship, or of administering the results of production.

Ethics—The applied science of statesmanship, or of managing the effects of human association.

Capitalism—The art of using wealth to produce more wealth.

Finance—The art of using money to produce more money.

Money—Man's measure of his productivity, or the means to which he is compelled to resort, by society, in order to calculate the worth of what he produces. Money is a *measure*—it is *not wealth.*

Conformism—Suppliant compliance, or the negative art of adjusting to circumstance.

In the sense that I shall use these terms, *Foundations* are synonymous with *endowments—Economics,* with the knowledge upon which we must draw to achieve *equity—Ethics,* with the knowledge upon which we depend for the achievement of *justice*—and *Capitalism* is synonymous with man's *use of tools*—and *Finance,* with *banking.*

Historically, however, as we have practiced Capitalism, it has been the means by which we, who once possessed sovereignty, have proved unworthy of its benefits. In perspective, Communism is the means whereby we are prevented from overcoming this weakness—and Socialism is our attempted rationalization of both.

Two years ago when, as Research Director of the Special Committee of the House of Representatives To Investigate Tax-Exempt Foundations, 83d Congress, I wrote my report to its five Members, it was my hope to acquaint them thereby with the scope of the subject which the Congress had directed them to examine and consider. I also hoped to inform them of the nature of the findings of the Staff and to alert them to the controversial aspects of these findings.

Specifically, this report revealed that, as long ago as the turn of the Century, some of the funds committed to the care of the Trustees of American Foundations had been used to meet the cost of designing, testing, adopting, perfecting, justifying, disseminating, and perpetuating curricula whose principal effect, in the face of our unparalleled development of productive wealth, has been to cast doubt upon—if not to destroy—the ethical climate which had been responsible for this remarkable achievement.

The report also called attention to the secondary effects of this violation of the fiduciary responsibilities of these Trustees. It was discovered that—

> those in control of American education had endorsed the transfer of responsibility for the economic aspect of our

NW 46642 DocId:34308222 Page 141

common good from the people, as sovereign citizens, to the Executive branch of our Federal Government—

that the majority of our electorate approved the usurpation by the Executive of the powers required to discharge this new responsibility—

and that Foundation Trustees so effectively exercise their censorship over education in the United States that it makes any scholarly criticism of this invasion of our sovereign rights useless.

The report acknowledged the incredible character of these findings and left to the Members of the Committee the task of accepting or rejecting them through their cross-examination of witnesses who would appear before them.

It was my intention then to clarify a very complex subject for a Congressional Committee. It is my purpose now to make it comprehensible to you. I hope I shall succeed for I believe it important that every citizen understand the influences to which he is subject and those to which he should be opposed.

I only wish this subject were a more pleasant one, but, since it is not, I must deal with it as it is—evidence that the respected gentlemen entrusted with the wealth which Foundations represent must have deemed it in their interest to change us from a people loyal to absolutes and principles, to one which denies their existence.

This statement may seem preposterous to you. Are not these men among our most successful citizens? Do they not profess allegiance to our country? Did they not have the benefit of backgrounds similar to ours? Were they not subjected to the same education as we? Is not their judgment sound?

Such questions immediately arise, and because a negative answer seems equally absurd, we must take their actions seriously and try to understand why they have supported projects so damaging to us. The spectacle of American wealth supporting un-American purposes is too grave to remain unexplored, and the emotional intensity with which these gentlemen react to the prospect of being questioned is too fraught with danger to be ignored.

Because men invariably blame others for that of which they are themselves guilty, it would seem imperative that we examine their motives. If these motives deserve criticism, exposure should be sufficient to nullify their effects. Like moles, when the roofs of their tunnels are removed, they are blinded by the light, then shrivel and pass into oblivion.

While Lucifer is, with God's consent, a part of life, his efficacy depends upon disguise. Seldom has he been known to declare himself. And there have been only a few who, like Dr.

NW 46642 DocId:34308222 Page 142

Faustus, were permitted to meet him face to face. Yet we know it is he who should be the object of that eternal vigilance which we are cautioned is "the condition upon which God hath given liberty to man."

Since subjects as complex as this are difficult to grasp as abstractions, I shall try to help you by sharing some of my own experiences. I apologize for reading from a manuscript. I prefer to speak informally, but because of the controversial and challenging nature of my conclusions, I do not wish to be misunderstood—nor misquoted. And I do not wish you to be accused of having heard things I did not say. Accusations can be unpleasant. And they will be made, because the conclusion which I shall be asking you to reach will contradict everything you have ever been taught or told. Specifically, it is this:

> *Both Communism and Socialism derive their support from Capitalism—and both flourish with the sanction of the Capitalist.*

Until you can make this conclusion your own, today's happenings will continue to confuse you.

All my life I have been an idealist. By this I mean that *ideas* are more important to me than *deeds*—and *principles* of greater value than *practices*—regardless of the benefits these practices produce. It also means that I have the highest respect for Truth and for the discipline which Truth imposes upon us.

These conceptions were instilled in me by my Mother and Father at home—and, at Phillips Academy, Andover, and at Yale, I was taught that the primary purpose of education was to put these concepts into practice. I may say that I know of no way for man to do this except through the medium of Capitalism—an art in which I believe, provided it is *disciplined.*

I introduce myself to you in this fashion because the day after my report on Foundations was publicly presented to the Reece Committee, I was privately told by Mr. Herman Edelsberg, the Washington representative of the Anti-Defamation League of B'nai B'rith, that the trouble with it was—it was *too objective*—that it failed to disclose the kind of person I was and thereby placed upon him and his associates in New York the burden of answering that question for themselves—before they could decide how to dispose of me. I don't want to repeat this mistake, in the event you feel obliged to do likewise.

Incidentally, the objectivity of which Mr. Edelsberg complained was intentional, and he was as aware as I that the report charged nothing, reflected no prejudice, represented no prejudgments. It merely delineated a subject for others to consider. By means of an objective report, I hoped to make it unreasonable

NW 46642 DocId:34308222 Page 143

for anyone to stigmatize the work of the Reece Committee as "anti-" anything, and equally unreasonable for anyone to level a similar charge against its Members—or the members of its Staff.

It therefore came as something of a shock to me last week when I read what I consider a far-fetched, warped and ill-conceived summary of the Committee's work which appeared in "Cross-Currents", a book by Arnold Forster and Benjamin R. Epstein, published officially on Thursday, March 15, 1956, by Doubleday & Company under the boastful and well-publicized auspices of the Anti-Defamation League, purporting to explain: "How Anti-Semitism Is Used Today as a Political Weapon."

This summary consists of five paragraphs, contains approximately 570 words, and comes at the end of a chapter entitled, "The Reactionaries." In it, Americans like myself—who have expressed their belief in the concepts embodied in our Founding Documents and shown a determination to conduct themselves accordingly—are inferentially charged with anti-Semitism.

Specifically, it accuses Mr. Reece of resorting to subterfuge in an effort to authenticate "with the seal of the United States Congress", a "grade of thought" to which he was sympathetic, and of indulging in "fantastic prejudgments" in an effort to achieve this purpose. It also accuses him of arranging for witnesses drawn from "his own adherents", and cites Aaron Sargent, Esq., of San Francisco, as an example.

To support them in these accusations, Messrs. Forster and Epstein cite the issuance of a "preliminary report" by Mr. Reece before the Foundations could defend themselves. It is this report to which I have already referred as having been written by me, for the reasons I have already stated. To further expose the fallacy of their statements, I quote from the speech of Hon. B. Carroll Reece in the House of Representatives as recorded in the CONGRESSIONAL RECORD of Friday, August 20, 1954:

> "And from what has happened in the last month, it is obvious that the large foundations are trying to make certain that never again will a mere committee of the Congress have the temerity to look into their social and political science activities and into their financial power.
>
> "Let me review the method adopted by the committee.
>
> "After discussing with the staff the best and fairest method of approaching this inquiry, we decided to inform the foundations in advance of the main lines of investigation.
>
> "To me, this offered the foundations a tremendous advantage, knowing in advance the area of the inquiry.
>
> "But this step was violently attacked as prejudgment of the case, in spite of the fact that when the outline was presented by Mr. Dodd, the committee's director of research, he stated, and I quote:

NW 46642 DocId:34308222 Page 144

"'As this report will hereafter contain many statements which appear to be conclusive, I emphasize here that each of them must be understood to have resulted from studies which were essentially exploratory; in no sense should they be considered proved.'"

Admittedly, the authors of "Cross-Currents" do not level the charge of anti-Semitism in so many words against the Reece Committee, but these men do characterize the Committee and pass judgment upon the nature of its deliberations and the substance of its findings in their book, which has been presented to the public as "a carefully documented expose of a network of deliberate hate." This would appear to justify my conclusion that they believed the Reece Committee was motivated by anti-Semitism, or that they desired the readers of their book to suspect some of its Members of being victims of this emotion.

In either case, although they did not say so, Messrs. Forster and Epstein, when they decided to include their own version of the Reece Committee, seem to me to have been reasoning from a syllogism:

Modern education repudiates our Christian tradition—

Christians and Semites are religiously opposed—

Therefore, Christians who question modern education are anti-Semitic.

While I was Research Director of the Reece Committee, I was twice warned that the acceptability of its findings was being jeopardized by the presence on its staff of an individual who was known to be anti-Semitic. It seems that, on one or more occasions, this individual had mentioned having read books on the subject—some of which he, himself, *possessed.* Pressure to dismiss this member from the Staff was exerted upon me through persons of importance in the office of the Republican National Committee. At the time, I wondered how I had escaped comparable criticism, since it was reasonably well known that I had read many books on this same subject and, of the six thousand which now comprise my library, there are a good many to which I frequently refer when I am called upon to counter this diabolical propaganda.

My own experiences have given me quite an insight into the origin and the consequences of anti-Semitism. I can recall none which more glaringly depicts the artificiality of this *myth* than the one to which I have just referred, and I could dismiss it as a pitiable display of human ingenuity—were it not for the cruelty which it forebodes for those whom anti-Semitism has been falsely designed to protect.

The anti-Semitic charge brings to mind the Divine caution: "Judge not, that you may not be judged." It seems to me this warning could hardly be more appropriate for those who indulge in such abuse—those whom Mr. Edelsberg described to me as "the

NW 46642 DocId:34308222 Page 145

most powerful in the world." In a conversation some three months earlier, he had said: "There comes a time in the life of every organization established for purposes like those of the Anti-Defamation League when it becomes so powerful that it would be best that it liquidate." He then added, understandingly, and, I thought, somewhat sorrowfully: "and we have passed that point", inferring that a voluntary dissolution of the League could hardly be expected. For the sake of its members, as well as for ours, I would that it could. But, since it cannot, I feel compelled to make a few comments regarding the statement in "Cross-Currents" concerning the Reece Committee.

The "preliminary report" to which it makes reference in paragraph one was written by me, voluntarily, and with the unanimous consent of the Committee as a whole—including Congressman Hays of Ohio. This is the report which I have just mentioned as having been criticized by Mr. Edelsberg for its objectivity—a fault which, as he expressed it to me, need not have occurred had I turned to him for help in preparing it.

It was I, and not Mr. Reece, who proposed the appearance of Aaron Sargent, Esq., as a witness. I made this proposal because of my satisfaction that he comprehended the subject under consideration and of my confidence in his ability to present it.

From my study of American History—which I believe has been more than ordinarily extensive—I did not glean that "the promise of American democracy" had been "the mainstream of American thought", as Messrs. Forster and Epstein claim, but that this concept had been rejected by our original statesmen in favor of a Republic. Their reason for rejecting it was their belief that, ultimately, democracy would degenerate into tyranny by the majority.

I might add, time seems to have proved them right—making it quite evident that neither wind, nor rain, nor sleet, nor snow—nor the Anti-Defamation League—can stay this immortal fallacy from the swift infection of its inherent ills.

To return to our subject: It was in June of 1916 that I completed my first course in "AMERICAN HISTORY AND CIVICS," as it was then called, at Carteret Academy, a country Day School for boys in Orange, New Jersey. Because my marks had been satisfactory, my professor permitted me to take the College Board Examination then required by Yale. I anticipated passing it and going to Andover in September with that college-entrance requirement disposed of satisfactorily.

After carefully reading its twelve questions, I was shocked to realize that I could answer *none*. Had the subject been Nuclear Physics, I would hardly have known less. I even remember looking at the title of the paper to make sure it read "American History." It did. And I failed.

NW 46642 DocId:34308222 Page 146

This unexpected experience made quite an impression upon me. It was my first and only failure. I thought about it a great deal. I wondered about it throughout that entire Summer, even after I learned that no one from Carteret, or any school like it, had passed the test. I still wondered after I heard that the professor responsible for it had been requested to resign from the College Board.

That Autumn I went to Andover, but it was a full year before I could repeat this course in History. My professor's description of the study which we were about to pursue bore a striking resemblance to the form of the examination questions which I had been unable to answer some fifteen months earlier. I heard him say: "Here at Andover we teach American History differently from other schools. Here, we will not be concerned with learning *what* happened. We shall concern ourselves only with *why.*"

He confounded me further when he went on to explain that we would use no textbook, but would *write our own* by studying topics which he would assign, from library references he would select. In retrospect, it is interesting to recall that there were at least two references for each topic, one of which invariably contradicted the other, forcing us to interpret American history for ourselves. While this made the course extremely difficult and extraordinarily time-consuming, it was rewarding as it not only served to integrate the elements of the curriculum to which I was then exposed, but to focus my attention upon our country and the ideals for which it stood. It alerted me to the importance of the question: WHY?

By this time you must know my professor was the one whose examination in American History I had been unable to pass. His name was Archibald Freeman—a truly great historian, now no longer with us. I shall never forget him, nor shall I cease to be grateful to this unique educator for having awakened in me the wisdom of questioning—and of pursuing answers.

This experience made my studies doubly interesting, of greater significance later at Yale, and of real worth when I entered the business world upon graduation in 1921. I found myself judging the many activities of that world in terms of their contribution to, or impairment of, the tenets embodied in our Founding Documents.

Another deep impression was left upon me when I was on the staff of one of our large metropolitan banks, which I had joined in June of 1925. From this vantage point I could see how disabled people had become in the management of their own affairs. I could see, too, how impossible it was for banks to make up this deficiency, in spite of prodigious efforts on their part to solicit the opportunity to do so. I was surprised to see the rapid deterioration of the ability of the individual to perform this important duty of a sovereign citizen, for—*it is important that the sovereign hold the reins to the wealth which he possesses. In passing them to another, he becomes the other's slave.*

NW 46642 DocId:34308222 Page 147

There is an adage which runs: "The will of the sovereign is the will of his creditors." Unfortunately, the truth embodied in this statement is rapidly being brought home to us as a people.

The seriousness of this condition was made apparent to me just before the market crashed in October of 1929—a condition which, in my opinion, need never have developed. The bank with which I was affiliated had acknowledged the need for action in the interest of its depositors, but decided against taking that action on the ground that it might shake the confidence of the public in our economy as a whole if such a prominent institution as it was were to act contrary to the general trend.

In the face of this capitulation to fundamentally irrelevant circumstances, I was impressed when Mr. Henry Morganthau, Senior, a retired banker and former Ambassador, called on the bank in person and directed it to dispose of every security then held in his trusts—and to reinvest the proceeds in bonds of the United States Government. Gratuitously, he added that he wished these trusts to remain so invested until he directed otherwise—a step which he said he did not contemplate taking for at least *fifteen years.*

In the light of the drastic events which followed—the market crash within the month, the depression, the assumption of economic responsibility by the Federal Government, and our grant of powers as a consequence—Mr. Morganthau's action, which contrasted so sharply with that of the bank, assumed great significance. To me, it seemed he knew what he was doing—and why. He did not appear to be "following a hunch," nor the advice of others. The impression he gave was one of confidence *in his own judgment.*

It was this impression which convinced me there was a basis for that judgment—that what he knew, others could know, that it was the duty of individuals to be held responsible for the management of their own wealth, and that it was the function of banks, *not* to carry the burden for them, but *to assist them in shouldering this responsibility* so that they, as individuals, might remain "sovereign citizens."

I decided to justify my conviction. I began a long and serious study for this purpose. I suspected that the failure of our financial institutions to know how to render this assistance was the reason for turning to the Federal Government for help. If my suspicion were correct, then here lay the clue to a means for reversing this deplorable and un-American trend. Here, too, should lie the answer to the questions: *Why* were we—a people who had once known freedom and been vested with sovereignty—*voluntarily* relinquishing this heritage? And where should we begin so that we might resist this tendency and reverse it?

My historical studies, begun then, were completed long before I went to Washington in the Autumn of 1953. Early, they indi-

NW 46642 DocId:34308222 Page 148

cated that my suspicion was correct. By 1936, I realized that what men termed "freedom" was not a means to an end, but was the state which results from the unrestricted interplay between the ethic and economic aspects of interests held in common. I learned, too, that this unrestricted interplay depends upon man's understanding of principles—ethic and economic—and his ability to apply them—not in the area of politics or of business alone, but *in both.*

It became evident to me that servitude resulted when the relationship between these areas of human activity became unbalanced. Apparently, there is a natural law which decrees that men bound to one another by common interests and adhering to ethical principles, must adopt comparable economic principles—or they must disintegrate their association.

As Americans, we inherited the *ethics* of liberty from the founders of our country—but we failed to discover and adopt an *economic* equivalent. *Here* is the crux of our difficulties. *Here* is the reason for our disintegration as a nation.

We must recognize that the fallacious ideas and deplorable conduct of such groups as Communists, Socialists, Internationalists, World Federalists, Zionists—*and* the Trustees of our tax-exempt Foundations—are *not* the *cause* of these difficulties and this disintegration, but they are the means of beclouding the real issue and of preventing us from coping with it constructively. This is the function of them all. If it were not, their words and actions would be completely devoid of rationality.

I withdrew from banking in July of 1932 after executives far more experienced than I had carefully explained to me that a change in banking practices, such as those I had suggested, was impossible—because of the "conflicting character of the interests" which banks were then obliged to serve. I turned to investment counselling as the medium through which to earn my living—and I am still there—because this profession is not handicapped by the "conflicts of interest" which keep banks from rendering to the owners of wealth the assistance which I honestly believe those owners must receive if they are to *remain sovereign.*

But my continuing avocational interest is the historical research which will disclose the "economic equivalent"—the economic requirements for freedom. My aim is to convince others that success is more than a probability—if they would only undertake this research upon a scale wider than is possible for me with my limited time and resources. I firmly believe we are now equipped by experience to recognize our errors and to correct them, if we will only search that experience for this purpose.

I believe this because my re-study of American History has shown that God so made men and the world to which they are confined that whenever they make an effort to serve their common

NW 46642 DocId:34308222 Page 149

good, some persons among them will interfere—and that this interference must result in the recognition and acknowledgment of the Truth in The Almighty's paradoxes and of man's ultimate understanding of freedom and his acceptance of its responsibilities—or he will end in bondage. I refer to such paradoxes as: Losing our lives before finding them . . . Being in the world, but not of it . . . Becoming dead to the affairs of men before becoming alive to the affairs of God. These are essentials of Christianity to which we profess to subscribe, and from which grew the idea that we could be free.

When I was asked to undertake the task which I performed in Washington—the one determined by House Resolution #217 of the 83d Congress—my consent was predicated upon my belief that a great service could be rendered the citizenry of this country by presenting them with the fact that American capital had been used to spread ideas so un-American that they would not have been tolerated 50 years ago. In my opinion, the investigation authorized by this Resolution provided an unparalleled opportunity to render this service, and I regarded it as my duty as a citizen to use my knowledge of history for this purpose.

For support, I drew heavily upon the results of research which had shown me that—

> Behind *events* in history lie *changes* in the practices by which men endeavor to live in harmony with one another and with their environment.
>
> Behind the *changes* lie *ideas* which created the change.
>
> Behind the *ideas* lie the *persons* who formulated the ideas.
>
> Behind these *persons* lie *"others"* who see in the application of these ideas a means of demonstrating man's independence of God.
>
> And behind these *"others"* lies the *power inherent in productive wealth.*

The regularity with which this sequence occurs, the similarity of the influences set in motion as a result, and the equality of circumstances to which these influences give rise—are discoveries of importance to be made by the historian of the future. They should be of inestimable worth to him because at last he will be able to explain historic phenomena in terms of impersonal *cause* and *effect,* and will provide him with a basis for judgment of ideas and practices free from the conflicting opinions which have so far prevented men from achieving either unity or peace.

Viewed against such a background, the record written by the Trustees of our tax-exempt Foundations in the last 50 years is evidence that the loss of our freedom stems from our *acceptance of money as wealth,* our consequent reliance upon finance as the

NW 46642 DocId:34308222 Page 150

"art" by which we would forestall the advent of the tyranny which approaches, and from the voluntary subordination of ourselves and our activities to money and its accumulation without being able to regulate its value or know how to control those who do.

John Locke, an English philosopher of the seventeenth century, in his classic "Essay Concerning The True Original Extent and End of Civil Government", establishes the natural right of men to own property and then goes on to say that even this natural right would have been insufficient to enable them to advance, through the use of reason, in the good life as God intended they should, had it not been for their invention of money as "a lasting thing that men might keep without spoiling." He held that men could rightfully amass wealth in excess of the amount they could use for themselves—provided they did not infringe upon the right of others to do the same—and he believed that it was money which made this possible. He predicated this upon his expectation that men would have the good sense to assign a *constant* value to their money and to insist upon vesting themselves with the power required to *maintain* that value.

I often wonder what Dr. Locke would say were he to see our vacillating values in currency today—operating to the benefit of the few and to the detriment of the many who place their trust in its stability as a lasting thing that will not spoil. I wonder, too, how the good Doctor would react to the spectacle of men once free *tolerating* fiscal inconstancy and *vesting others* with the power to perpetuate this insanity.

I frequently speculate on what he would think of our current practice of *going into debt to increase our supply of money,* convinced that by so doing we are *becoming wealthy.* I am sure he would denounce these activities as contrary to reason and an indication that we are guilty of preaching Capitalism while denying it in practice, thereby affording the few men who know what they are doing with the opportunity to exploit us to their own advantage. I am convinced that he would know—as we should know—that Capitalism is being practiced by *someone.* If it were not, civilization would collapse.

The problem confronting us is to discover who the someone is, to determine the extent to which he should be controlled (not eliminated), and how to effect this control with impunity and in furtherance of our sovereignty as individuals.

I do not doubt that this famous philosopher would readily see that, though we have properly defined Capitalism as "wealth engaged in the production of more wealth," we are busily engaged in the suicidal practice of *making money out of money*—and in adjusting ourselves to the consequences.

I think he would quickly discern that we have relinquished the rights with which we had been endowed by our Creator—once guaranteed to us by our Constitution—for a mess of pottage composed of Social Security, Welfare Benefits, Subsidies and the like.

NW 46642 DocId:34308222 Page 151

I suspect he would tell us that, while Capitalism is being practiced, ours is a synthetic version of this indispensable art and that, therefore, we should not expect to enjoy its real benefits.

Finally, I imagine he would explain that Communism, Socialism, Internationalism and World Federalism are diversions designed by the powers of finance at the behest of those few Capitalists who exploit us to hide their identity and insure benefits to themselves. As long as we permit them to remain unidentified and to operate, they will develop an education to justify the results of their actions and will finance this development. No educator will be able to resist the consequent pressures which our stupidities have released.

It is important, therefore, that we understand that the art by which we are attempting to live is not Capitalism, but Conform-ism —that Communism is little more than a modern art designed to frighten us into conformity—that Socialism is only a philosophical excuse for both—and that our drift toward One-World-ism is the logical consequence of pressures exerted by these exploiters to secure and exercise political power on a world-wide scale.

The seriousness of our toleration of these fallacies which deny the sanctity of private property becomes evident when we recall that our Founding Fathers, who were the advocates of liberty, knew that this sanctity was essential if the people were to protect themselves from tyranny, for property was the tool for the production of wealth. They presumed that, in return for the benefits of liberty, people would willingly assume the responsibility which accompanies ownership, would insist upon administering their own wealth, and that they would equip themselves educationally to do so.

History reveals that civilizations rise when its members demonstrate an ability to develop capital and fall when they fail in this respect, and that their liberties expand in proportion to the willingness of the individual to assume responsibility for the productivity of the capital which he owns, and they contract when he refuses to accept that responsibility. Advancing materialism and our inability to understand or unwillingness to accept these historical facts must end in bondage for us all. To prevent this disaster, the "seeming" benefits must be stopped. This is the formidable task confronting us today.

Because education has neglected to inform us regarding these matters or to equip us to acquire this knowledge from experience, we hesitate to undertake such a prodigious step. We continue to rely upon the temporary benefits which materialism and irresponsibility seem to produce and try to convince ourselves that progress is being made. It is this effort which places such demands upon education and forces false reasoning and perverted thinking upon the educator to meet these demands. It should now be obvious why those to whom we have irresponsibly passed title to our capital

NW 46642 DocId:34308222 Page 152

should be engaged in fostering this type of education and preventing exposure of the fallacies upon which it is based.

Because, unwittingly, we have compelled the world's few Capitalists to act in our stead and innocently praised them for their benevolence, it now sees strange to them that we should question the validity or the reasonableness of their accomplishments. It is unthinkable that they would doubt the value of their own deeds since they regard their services as indispensable to the whole world. And since they have been able to operate with impunity, it is equally unthinkable to them that they should forego the profits which these deeds have produced for them—even though they know that the means employed by them to secure these profits must end in chaos and collapse.

An alternative to present practices cannot be proposed with any degree of logic until our property rights are returned by those who now exercise them, supposedly in our behalf. We are therefore challenged by the problem of how this is to be done and how civilization can be kept from destroying itself. The answers lie in a determined and purposefully organized effort to overcome our ignorance of the natural causes of human events. Because of our dedication to self-evident truths and our failure to live in accordance with that dedication, it is our obligation to organize such an effort.

Even though we have had the experience which fits us to undertake this task, and have at our command the resources to meet its cost, procedures will be difficult because they must be based upon a concept which is not familiar to many of us today—the concept that men are governed by Natural Law, or, as our forefathers expressed it, "by the laws of Nature and of Nature's God."

Since the loss of our property rights is due to our misunderstanding of the proper function of money, our consequent acceptance of it as a substitute for wealth, and our inability to control its worth, the first step will be to determine its "natural" role—a step more easily identified than taken.

There are few among us whose comprehension of the subject of money is sufficient to enable us to pass judgment upon the manner in which money is made available to us, or upon the methods employed by our banking system to regulate its value. We have been content to exchange our direct ownership of the properties which produce our wealth for the "mere evidences" of ownership, the value of which "evidences" we are unable to control.

Our major task becomes one of overcoming this incompetence, of learning how the fluctuations in the prices of securities affect the value of our money, and how our efforts to turn these fluctuations into monetary gains violate Natural Law. Of learning, too, what means Nature has placed at our disposal to secure the advantages which we are wrongfully seeking through these unnatural practices.

NW 46642 DocId:34308222 Page 153

To acquire this knowledge, we will need the help of the most able and dedicated men we can find—men who can grasp the practical significance of such abstractions as "self-evident truths," "unalienable rights," "natural laws," "principles," and of the relationships between the functional and dynamic forces which these abstractions represent. We must rely upon them to translate our experiences into the mathematical certainties which will enable us to discredit those who deny the doctrine of Natural Law.

These men must have the capacity to be objective and unemotional when confronted with the intensity of this denial and be able to accept the working hypothesis that Capitalism as we practice it, or finance, and Communism are, respectively, subjective and objective manifestations of one thing—unbridled power—and that their *seeming* conflict is Nature's way of awakening us to our own shortcomings.

If these men can be found, they will be able to disclose that this evidence of uncontrolled force is God's way of enabling us to respond to His admonition:

> "If you continue in my word, you shall be disciples indeed.
>
> And you shall know the truth, and the truth shall make you free."
>
> (John 8:31-32)

Pending our willingness to respond to this Divine teaching, there is no course open except for us to establish institutions of a financial character capable of competing successfully with Capitalists who see in Communism the means of extending their present powers, and having the capacity to do so in the interest of the values in which we believe.

This will not be easy, and it will be opposed by the Trustees of tax-exempt Foundations who will look upon such action as detrimental to the wealth which they represent. But the decision to put an end to the un-American character of their benevolence is ours, not theirs. May God grant us the intelligence and courage to make it—and quickly.

Thank you.

* * *

NW 46642 DocId:34308222 Page 154

Additional copies, postage prepaid—
1 to 10 — 35¢ each
10 or more — 25¢ each

Write — Norman Dodd
430 East 63rd Street
New York 21, New York

1 einkauf

Assistant Attorney General
Internal Security Division

April 16, 1958

Director, FBI

TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

Reference is made to the memorandum from the Internal Security Division dated March 12, 1958.

There is enclosed a memorandum prepared by the New York Office dated April 7, 1958, setting forth the results of the interview with Norman Dodd concerning captioned matter. There is also enclosed one Photostat each of "The Dodd Report to the Reece Committee on Foundations" and "The Dodd Report to the American People."

Additional information received concerning this matter will be furnished you upon receipt in the Bureau.

Enclosures (3)

FOIA(b)(7) - (D)

100-385355

1 - [redacted]

NOTE ON YELLOW:

The afore-mentioned was furnished by NYlet 4/7/58 (serial 53) in captioned matter.

JHK:fk
(5)

REC- 50

100-385355-54

20 APR 18 1958

EX-135

MAILED 5
APR 16 1958
COMM-FBI

65 APR 23 1958

Tolson
Nichols
Boardman
Belmont
Mohr
Parsons
Rosen
Tamm
Trotter
Nease
Tele. Room
Holloman
Gandy

MAIL ROOM

Mr. Kleinkauf

SAC, Washington Field Office

April 21, 1958

Director, FBI (100-385355)

98578

TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

Re NYlet dated 4-7-58 captioned as above.

Expedite submission of results of interview with Katherine Casey concerning captioned matter.

1 - New York (Information) (100-113307)

fk
(5)

EX-128

COMM-FBI
APR 21 1958
MAILED 20

REC- 35

100-385355-55

12 APR 22 195

Tolson
Nichols
Boardman
Belmont
Mohr
Parsons
Rosen
Tamm
Trotter
Nease
Tele. Room
Holloman
Gandy

66 APR 24 1958

MAIL ROOM

NW 46642 DocId:34308222 Page 157

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (100-385355) DATE: 4/30/58

FROM : SAC, WFO (100-34705)

SUBJECT: TAX-EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

ReNYlet to Bureau, 4/7/58.

Enclosed for the Bureau are eight copies of a letterhead memorandum setting forth information received from Miss KATHRYN CASEY, Attorney, Federal Trade Commission, during an interview by SA JOHN J. BAGLEY on 4/24/58. Also enclosed are two printed reports of the Special Committee to Investigate Tax-Exempt Foundations and Comparable Organizations, House of Representatives, 83rd Congress, one of which is designated as Staff Report Number 4. Miss CASEY also suggested as source material for any investigation the book "Foundations and their Influence" by RENE WORMSER, who was general counsel of the committee. Enclosed for New York is one copy of the above letterhead memorandum.

Miss CASEY stated that she believes the FBI should investigate the situation with regard to tax-exempt foundations. She does not know if any federal laws are being violated. She does not know whether any actual subversive influences are at work. But she said she did discover that the various foundations work in concert to set in motion a trend if not to change our constitution at least to change radically the conditions in which we live under the constitution.

She suggested as a source AARON SARGENT, Hobart Building, San Francisco, California, author of "Who is Trying to Undermine Our Constitution?" In the event he is interviewed, Miss CASEY's name may be used as having suggested contact with him. She added that the House Committee filed with the Clerk of the House a large quantity of material, much of it uncatalogued and unevaluated, that would be a fruitful source for investigators.

(2) - Bureau (Encls. 10)
1 - New York (100-113307)(Encl. 1)(RM)
1 - WFO
JJB:mw
(4)

REC-85 100-385355-56
REC-134
EX-135
12 MAY 1 1958

ENCLOSURE

50 MAY 22 1958

WFO 100-34705

The Bureau's attention is directed to WFO letter, dated 4/16/52, entitled "USE OF BENEVOLENT TRUST FUNDS, PHILANTHROPIES AND ELEEMOSYNARY INSTITUTIONS TO IMPLEMENT THE PROGRAMS OF SUBVERSIVE GROUPS; INTERNAL SECURITY - C." Information therein can clarify some of the comments of Miss CASEY, particularly with reference to interlocking activities.

No further action this Division.

NW 46642 DocId:34308222 Page 159

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Washington 25, D. C.
April 30, 1958

TAX-EXEMPT FOUNDATIONS

On April 24, 1958, Miss Kathryn Casey, former legal analyst, Special Committee to Investigate Tax-Exempt Foundations, House of Representatives, advised that she had spent fifteen months in the investigation of tax-exempt foundations and it was her conclusion that we in the United States are where we are today, be it good, bad or indifferent, largely through the influence of these funds and foundations. Miss Casey said that the foundations do not follow an established trend set after determining public opinion but rather set the trend themselves. For example, she pointed out the Carnegie Endowment for International Peace (CEIP) which was dedicated to achieving world peace and in doing that utilized every method it deemed appropriate and effective. One method chosen was international law and it immediately set about to establish a coordinated national system of instruction throughout the country in that subject. A group of professors of international law and international relations met in conference in order to discuss and agree upon the best methods to reach and educate the youth primarily of the United States in the principles of international law and the basis of foreign relations.

In addition to international law, another method selected by the CEIP as a means of achieving international amity, was what throughout the years was referred to in such terms as "education of public opinion," "development of the international mind," "enlightenment of public opinion," and "stimulation of public education." In addition, large sums of money were spent by the CEIP to sell the League of Nations to the American people. Miss Casey pointed out that the Carnegie Endowment Fund formerly had a division of propaganda which changed to an intercourse and education section.

1 - to AAG, ISD
by let 5/1/58
100-385355-56

ENCLOSURE

Additionally, she said that the annual reports of the various foundations showed grants made year after year to the same organizations. As a new outfit is included, she said, it did not oppose the general idea in any way. The foundations do not present both sides of any issue, according to Miss Casey. She added that monies available go to individuals whose research is along lines approved by the parent fund. In addition, she said that the social scientists included in the operation of these foundations or recipients of grants from them all have a similar theory of government and only those persons would be recommended for sponsorship whose theories fitted those that have been approved.

Miss Casey stated that she is unable to name individual people who control the overall operation of tax-exempt foundations along the lines she has indicated. She did state that one of the early funds, the Carnegie Fund of New York, was greatly influenced by Dr. Nicholas Murray Butler, who helped form the fund and was president of it. She stated that he was a past president of Columbia University and influenced the Carnegie Fund towards internationalism. She also said that the University of Chicago was originally founded by money from the Rockefeller Foundation and was supported by the Rockefellers. She said that Robert M. Hutchins, past president of the University of Chicago, and Paul G. Hoffman, a friend of Hutchins and a trustee of the University of Chicago, exerted the initial influence on the trend followed by the Ford Foundation.

Miss Casey concluded by stating that the various funds work in concert to set in motion a trend if not to change our constitution at least to change radically the conditions in which we live under the constitution.

This memorandum is loaned to you by the Federal Bureau of Investigation and neither it nor its contents are to be distributed outside the agency to which loaned.

NW 46642 DocId:34308222 Page 161

Mr. Kleinkauf

Assistant Attorney General
Internal Security Division

May 9, 1958

Director, FBI

TAX EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

46528

Reference is made to the memorandum from the Internal Security Division dated March 12, 1958, and my reply thereto dated April 16, 1958.

There is enclosed a memorandum prepared by the Washington Field Office dated April 30, 1958, setting forth information furnished by Miss Kathryn Casey concerning captioned matter.

This concludes the data requested by referenced Departmental memorandum.

Enclosure

100-385355

NOTE ON YELLOW:

In January, 1958, New York confidential source was contacted by Norman Dodd, a former research director for the special committee of the House of Representatives to investigate tax exempt foundations, commonly known as the Reece Committee which investigated tax exempt foundations in 1953 and 1954. Dodd advised the source he could write a paper based on the testimony and records of the hearings which would expose the fact that the directors of the Ford, Carnegie and Rockefeller Foundations feel their projects should be directed toward fostering a liberal type of communism. This was furnished Deputy Attorney General Walsh by Bulet 1-21-58. The Department on 3-12-58 requested we discreetly determine the validity of Dodd's allegations. The New York Office was instructed 3-17-58 to interview the original source and to interview Dodd if this would not compromise the source. The New York investigations were furnished the Department on 4-16-58, and New York also requested Washington Field Office to interview Kathryn Casey regarding this matter. The attached memorandum sets forth that interview. No other investigation remains.

COMM - FBI
MAY 9 - 1958
MAILED 30

RECEIVED

JOC:fk
(4)

100-385355-57
REC-85
MAY 13 1958

EX-123

66 MAY 14 1958

Tolson
Boardman
Belmont
Mohr
Nease
Parsons
Rosen
Tamm
Trotter
Clayton
Tele. Room
Holloman
Gandy

MAIL ROOM

NW 46642 DocId:34308222 Page 162

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (100-385355) DATE: MAY 26 1958

FROM : SAC, NEW YORK (100-113307)

SUBJECT: TAX-EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

98580

Re WFO letter and letterhear memorandum, dated 4/30/58.

Review of information contained in referenced communication fails to indicate any positive information concerning the alleged subversive nature of tax-exempt foundations. In addition, the information contained in N.Y. letter and letterhead memorandum fails to contain any definite information in this regard.

The NYO feels that interviews of RENE WORMSER, former General Counsel of the Reece Committee, and AARON SARGENT would be superfluous in this matter, since Miss CASEY was alleged to be the person who had first hand knowledge of the subversive nature of tax-exempt foundations, gained through her review of the original minutes of the Trustees of the Carnegie Foundation.

The information supplied by both NORMAN DODD and Miss CASEY is general in nature and appears to indicate their personal opinions.

Bureau is requested to determine from the Department of Justice, if it is desirous of further investigation in this matter in the light of the information contained in the above communications.

2- Bureau (100-385355) (RM)
1--NewYork (100-113307)

JFC:amh
(3)

FBI
REC-47 100-385355-58
14 MAY 28 1958

Let to NY
6-6-58
JHK.pw.

INV. SEC.

NW 46642 DocId:34308222 Page 163

Kleinkauf

SAC, New York (100-11330)

June 6, 1958

REC-41 Director, FBI (100-385355)-58

EX-101

TAX-EXEMPT FOUNDATIONS
INFORMATION CONCERNING
(INTERNAL SECURITY)

98579

Reurlet May 26, 1958.

The Bureau furnished the Department with the results of the interviews of Norman Dodd and Kathryn Casey. Inasmuch as the Bureau is conducting no investigation concerning captioned matter, no further action is deemed necessary in absence of a specific request from the Department. Therefore, the Bureau is making no inquiry of the Department in this matter at this time in accordance with the request contained in your relet.

COMM - FBI
JUN 6 - 1958
MAILED 30

Tolson
Boardman
Belmont
Mohr
Nease
Parsons
Rosen
Tamm
Trotter
Clayton
Tele. Room
Holman

JHK:pw
(4)

MAIL ROOM
JUN 11 1958

NW 46642 DocId:34308222 Page 164